



**General Assembly
Security Council**

Distr.: General
11 October 2001

Original: English

**General Assembly
Fifty-sixth session
Agenda item 62
Question of Cyprus**

**Security Council
Fifty-sixth year**

**Letter dated 9 October 2001 from the Permanent Representative
of Turkey to the United Nations addressed to the
Secretary-General**

I have the honour to transmit herewith a letter dated 9 October 2001, addressed to you by His Excellency Mr. Aytuğ Plümer, Representative of the Turkish Republic of Northern Cyprus, which contains, as its annex, the letter dated 10 September 2001 addressed to you by His Excellency Mr. Rauf Denktaş, President of the Turkish Republic of Northern Cyprus (see annex).

I should be grateful if the text of the present letter and its annex could be circulated as a document of the General Assembly, under agenda item 62, and of the Security Council.

(Signed) Umit Pamir
Ambassador
Permanent Representative



Annex to the letter dated 9 October 2001 from the Permanent Representative of Turkey to the United Nations addressed to the Secretary-General

I have the honour to convey herewith a copy of the letter dated 10 September 2001 addressed to you by His Excellency, Mr. Rauf R. Denktaş, President of the Turkish Republic of Northern Cyprus, concerning your mission of good offices (see enclosure).

I should be grateful if you could have the present letter and its enclosures circulated as a document of the General Assembly, under agenda item 62, and of the Security Council.

(Signed) Aytuğ Plümer
Representative
Turkish Republic of Northern Cyprus

Enclosure 1

I hope that by now you have been informed of the reasons why I was not able to come to New York. I also hope you give me the benefit of your compassion by accepting my explanation that this is not intended to be a rebuff of your good self, for which, as you know I have the greatest respect and admiration.

It is because of my respect for you and your office that I feel obliged to take your time to detail our position.

It is most unfortunate that it was not possible to impress upon Mr. De Soto that it was premature to invite the two parties to New York for a meeting with you "for resuming the talks". The invitation, therefore, was not a personal invitation by you, it was "for resuming the talks". As I had told you at Salzburg, Austria, Greek Cypriot policy, actions and finally their reactions and unanimous rejection of your statement of 12 September 2000 (which we had received as formulating, in the most neutral and simple way, a framework for the talks) had left nothing, no common ground whatsoever from which to engage in invigorated meaningful talks. The wrong treatment of the Greek Cypriot side by all concerned as the legitimate government of Cyprus, and frequent statements to the effect that "agreement or not, Cyprus(!) will be accepted as a European Union (EU) member" has left no will and no wish on the part of the Greek Cypriot leadership to share anything with us!

To them, continuation of "the talks" is for the purpose of maintaining a platform from which they can project themselves as "a magnanimous government condescending to talk to its unruly minority, which is trying to partition the island by helping the invader". They have accordingly been seeking and getting help under the false pretence that the Cyprus problem arose as a result of occupation and will be settled when the occupier is kicked out of Cyprus and Greek Cypriot refugees return to their properties! We have been living with this false pretence for almost three decades now. In the meantime our politically equal status is denied; embargoes continue; military coupling with mother Greece is enhanced; EU countries are hoodwinked into believing that all will be well once Turkey or Denktas are brought to line!

In spite of the available evidence and objections incessantly put forward by us showing that the problem arose as a result of planned action by the Greek Cypriot party in order to convert a partnership state into a Greek Cypriot state, the family of nations continue to treat the Greek Cypriot usurped title of the "Republic of Cyprus" as a unitary state within which the Turkish Cypriot minority(!) has misbehaved. Consequently, we are deprived of our right of being seen and heard on the basis of equality as a co-founder and partner of the 1960 Republic.

A brief look at developments in Cyprus since the planned destruction of the partnership Republic in 1963 can help us better understand the challenges and opportunities today.

December 1963: Turkish Cypriots are attacked. Constitutional order is destroyed. One hundred three villages are evacuated. Turkish Cypriot civil servants, ministers, members of Parliament are unable to go to their offices.

Makarios declares the agreements of 1960 to be abrogated. Under British pressure he retracts this statement but says the constitution is dead and buried. He declares he does not recognize Dr. Küçük as his Vice-President.

* 4 March 1964: United Nations Security Council resolves to send United Nations peacekeeping forces to Cyprus "to contribute to the maintenance of law and order and a return to normal conditions". Turkish Cypriot leaders struggle to return to the 1960 constitutional order but the then Secretary-General of the United Nations unfortunately states, in his 10 September 1964 report (S/5950), that he does not interpret his mission to be the restoration of the constitutional situation.

Dr. Küçük's attempt to keep the constitution alive comes to naught because, in spite of all the crimes perpetrated against Turkish Cypriots, Makarios continues to be treated (together with his cabinet composed of 100 per cent Greek Cypriots) as the legitimate government of Cyprus!

The attempt of Turkish Cypriot parliamentarians to return to the House of Representatives on 22 July 1964 was rebuffed by the Speaker of the House (Mr. Clerides himself), who told the Turkish Cypriot parliamentarians that they could not enter the House unless they accept all the constitutional changes (including the abolition of the provision concerning separate majorities) unilaterally made by Greek Cypriot parliamentarians (United Nations Secretary-General's report of 10 September 1964, para. 108).

These were enough to convince Greek Cypriots that they had now achieved their objective of converting the partnership into a Greek Cypriot state. In the words of Mr. Clerides, they needed no solution thereafter because, whatever happened, they were "the government of Cyprus". According to Makarios this accomplishment of driving the Turkish Cypriot partner out of the partnership and discarding the Constitution of the land was "bringing Cyprus to the nearest point to Enosis".

Mr. Clerides' statement is very clear on this point:

"Just as the Greek Cypriot preoccupation was that Cyprus should be a Greek Cypriot state with a protected Turkish Cypriot minority, the Turkish preoccupation was to defeat any such effort and to maintain the partnership concept, which in their opinion the Zurich Agreement created between the two communities. The conflict, therefore, was a conflict of principle and for that principle both sides were prepared to go on arguing and even, if need be, to fight, rather than compromise.

The same principle is still in conflict, even today, though a federal solution has been accepted — and though a federation is nothing more than a constitutional partnership of the component states, provinces or cantons which make up the federation."

(Mr. Glafcos Clerides, My Deposition, vol. III, p. 105)

Ever since, Greek Cypriot policy has been not to have anyone cast any doubt on this self-assumed title of being the legitimate Government of Cyprus. And the conflict has arisen and remains unsettled because the Greek Cypriots are assured that their title will be protected at all costs. No one is interested in diagnosing the problem for what it is.

From 1963 to 1968 Makarios refused to meet what he regarded to be "the leader of the rebels" (namely his Vice-President Dr. Küçük), and he offered us minority rights.

The Greek Cypriot position was that there was no need for contacts or talks with the Turkish Cypriot party because they had already achieved their objective. Only the acceptance of minority status by the Turkish Cypriot party would create "ground" for the Greek Cypriot party — ground to finally give legality to their violent usurpation of power in 1963.

In 1968, I agreed with Mr. Clerides that the partnership established under the 1960 Agreements should be re-adjusted with regard to geography — hence talks began on the agreed common-ground of partnership based on local autonomy.

After six years of on and off talks, Makarios refused to give his approval to a settlement on grounds that I had not accepted minority status and was insisting on the Guarantee System of 1960.

After 1974, we agreed with Mr. Clerides that the two peoples could not live in an integrated fashion as before, hence the agreement of 1975 for voluntary exchange of population, which was monitored by the United Nations Peacekeeping Force in Cyprus (UNFICYP).

For two years, Makarios, who was still in Athens and unable to return to Cyprus, objected to a bi-zonal federal settlement.

Under the pressure of realities on the island, he agreed, in 1977, to a federal partnership based on a bi-zonal, bi-communal federal settlement, but died within four months. At the core of that agreement were the restrictions on the three freedoms in order to give permanence to bi-zonality and thus discard Turkish Cypriot fears of domination.

Kyprianou, who replaced him, dragged his feet for another two years before he confirmed the 1977 Agreement: partnership, to be established on a geographical basis!

But he never believed in it and stalled each time we came to a near agreement.

He rejected the proposals of the Secretary-General of the United Nations of 1985 and 1986, based on partnership, and when he lost the elections in 1988 he publicly declared that he had never believed in a federal settlement and that he had done his national duty by protecting the title of the government of Cyprus (which was the nearest point to Enosis, as stated by Makarios).

In the meantime the Set of Ideas, envisaging a new partnership, was on the table.

Mr. Vassiliou pretended to talk on the basis of "a new partnership" until we came to the point of signing the Agreement. But his letter, to the effect that he would follow "the national policy of Mr. Kiprianou", published in the Greek Cypriot press, proved that the "national policy" of Greek Cypriot leaders would not and could not change. It was election year and Mr. Clerides was defying any agreement based on the Set of Ideas.

Mr. Vassiliou lost the elections. Mr. Clerides, who won the elections in 1992, refused to negotiate, arguing that there was no common ground on which to negotiate.

In 1994, through the Secretary-General of the United Nations, I managed to come face to face with Mr. Clerides. He said he would talk to me if I agreed to

support the Greek Cypriot application for EU membership. He knew that I could not do so on political and legal grounds. So he refused to talk to me using the excuse that there was no common ground between us.

We lost another three years before you succeeded in bringing us together in 1997 at Troutback and Glion.

This time, Mr. Clerides rested his case on EU norms and rejected every parameter on the table.

With great difficulty we agreed to take part at the proximity talks in 2000.

At the end of the fourth round, you succeeded in giving us a neutral but acceptable framework with your statement of 12 September, which was immediately rejected by the Greek Cypriot side. This initial angry reaction to "a new partnership" was given full backing by the Greek Cypriot House of Representatives on 11 October 2000. A copy of this resolution, which I had given you in Salzburg, is attached for ease of reference (see enclosure 2).

As I tried to point out from the beginning, the purpose of the talks was for re-establishing *a new partnership*, but, the Greek Cypriot rejection of the partnership emanates from the encouragement they have received from the international community, and more recently from EU circles, to the effect that "the legitimate government of Cyprus has made a proper application and can become a member even if the Cyprus problem is not settled!". Further statements to the effect that Turkish Cypriots have no right of objection to such entry has enhanced the Greek Cypriot belief that they have truly become "the government of Cyprus" and that Turkish Cypriots have to tow the line whether they like it or not. All these have undermined the chances of success of your good offices mission aimed at the establishment of a new partnership based on the explicit recognition of the equal status of the two parties.

Having gone through this experience, and knowing well that Greek Cypriot policy is to consolidate their position as "the government of Cyprus", it is incumbent upon me, as the representative of my people, whose rights and status stand in great jeopardy, not to facilitate this trend, which is contrary to the rule of law and to all the realities appertaining to Cyprus. We must always bear in mind that we are dealing with the case of a usurped partnership, in which the party whose rights and status have been violated has succeeded to maintain its integrity and, as a result of the expression of the political will of its people, has, since 1963, evolved into a parallel democratic state.

After 38 years of failed negotiations, we, like you, are convinced that it is imperative to prepare the ground for meaningful negotiations. But we must see proof that the ground is really prepared if we are not going to engage in yet another futile exercise. It is because of this that we are insisting on "common ground" regarding the objective (the establishment of a new partnership) and guiding principles (the equal status of the parties and that neither can represent the other nor the whole of Cyprus) before we start a new phase of reinvigorated and meaningful negotiations.

I trust and believe that through your good offices you will be able to convince Mr. Clerides that I am as justified, if not more so than he was, when he adamantly refused to start negotiations with me on the ground that there was nothing in common to talk about. During those years the Set of Ideas was on the table together

with all the Agreements we had made. Now his readiness for talks cannot be accepted by me as a sincere gesture of good-will, especially in the light of the fact that he has admitted to his press that he attends talks simply for tactical reasons, the tactic being to say yes to everything to which the Turkish Cypriot side says no.

Mr. Secretary-General,

I would like to confirm again that, as you have outlined in your statement of 12 September 2000, the Turkish Cypriot party is very much interested in the establishment of a new partnership in Cyprus that will recognize and be based on the equal status of its two constituting parties. If the Greek Cypriot party also feels the same way, and can make the same commitment, we would have together made a significant leap forward and would have opened the door for reinvigorated and meaningful talks. Peace, security and stability in the island and in the region need a freely negotiated agreement between the two sovereign equal parties. Healthy EU enlargement and the membership of "Cyprus" in the EU all depend on the negotiated agreement.

The recognition by the British Parliament of the separate right of self-determination of the Turkish Cypriot people and of the Greek Cypriot people twice, once in 1956 and once in 1958, prepared the ground for the establishment of the 1960 partnership Republic.

This time round, the securing of a commitment from both parties that the purpose of the United Nations-facilitated talks is the establishment of a new partnership, to be explicitly based on the equal status of the two parties, would have prepared the ground for the reinvigorated phase of the talks for which you are calling.

I look forward to a confirmation of such a commitment from the Greek Cypriot side, either through you or through Mr. De Soto, and to engaging in meaningful negotiations within the framework of your mission of good offices.

(Signed) Rauf R. Denktaş
President

Enclosure 2

Resolution of the House of Representatives

11 October 2000

At an extraordinary session today, the House of Representatives discussed the latest developments in the Cyprus problem and, in particular, the developments at the fourth round of proximity talks, which were held in New York from the end of September to the beginning of October 2000.

The House of Representatives concludes that the opening statement of the United Nations Secretary-General, Mr. Kofi Annan, falls outside the letter and spirit of the framework of the talks and the basis of a solution of the Cyprus problem as determined by the United Nations principles, decisions and resolutions.

It also establishes that the non-papers that the United Nations Secretary-General's representative, Mr. de Soto, presented to the representatives of the two communities contain ideas and proposals that are not in line with the framework of principles and United Nations resolutions.

Taking all the above into account, the House of Representatives:

1. Reiterates its firm insistence on a solution of the Cyprus problem based on the United Nations resolutions and decisions and the 1977 and 1979 high-level agreements. A bi-communal, bi-zonal federation constitutes our ultimate and painful concession and not a starting position for negotiations aiming at the finding of a "middle-of-the-road settlement". It must safeguard the human rights and fundamental freedoms of all the Cypriot people — Greek Cypriots, Turkish Cypriots, Maronites, Armenians and Latins — and envisage the restoration of the sovereignty and territorial integrity of the State of Cyprus and the withdrawal of the occupation troops and settlers.

2. Calls upon the United Nations Secretariat to repeat and reaffirm that the talks are being held on the basis of the United Nations resolutions and the 1977 and 1979 high-level agreements and to make the necessary corrective moves.

3. Appeals to various mediators who are guiding or supporting the United Nations intervention in the Cyprus problem to uphold with greater strictness, firmness and consistency the principles of the United Nations, the provisions of their decisions and resolutions on Cyprus, the high-level agreements and the *acquis communautaire*.

It is a basic and fundamental principle of the talks that any proposals or ideas should be fully in line with the *acquis communautaire*.

4. Declares that it rejects any proposals and ideas containing the seeds of confederation or the establishment of two states, and calls upon the President of the Republic to repeat clearly in all directions that he will neither accept nor discuss a framework for the solution of the Cyprus problem containing confederal elements.

5. Calls upon, at the same time, the President of the Republic to continue and intensify his efforts in the direction of a full correction of the situation created by the United Nations Secretary-General's opening statement and in reaffirming the basis of the talks and the framework for a solution, as these are determined by the resolutions and decisions of the United Nations and the two high-level agreements.

6. Calls upon the President of the Republic to continue and intensify the initiatives and handling, which will substantively and effectively support the agreed targets set by the National Council and the accepted procedures and handling for the solution of the Cyprus problem.

7. Considers that there is an imperative need for the National Council to study and analyse in depth current developments concerning the Cyprus problem and, on the basis of the assessments and conclusions to be drawn, to consult with the Greek Government so as to determine the tactics and further handling of our national problem, aiming always at a workable and viable solution.

**General Assembly
Security Council**Distr.: General
12 October 2001

Original: English

**General Assembly
Fifty-sixth session**

Agenda items 21 (d), 25, 41, 42, 43, 118 and 166

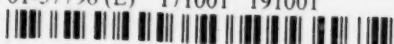
**Security Council
Fifty-sixth year****Cooperation between the United Nations and regional and
other organizations: cooperation between the United
Nations and the Organization of the Islamic Conference****United Nations Year of Dialogue among Civilizations****Question of Palestine****The situation in the Middle East****The situation in Afghanistan and its implications for
international peace and security****Right of peoples to self-determination****Measures to eliminate international terrorism****Letter dated 11 October 2001 from the Permanent Representative
of Qatar to the United Nations addressed to the Secretary-General**

I have the honour to transmit herewith the following documents of the ninth Extraordinary Session of Foreign Ministers of the Organization of the Islamic Conference (OIC), held at Doha, Qatar, on 10 October 2001:

- I. Text of the address of His Highness Sheikh Hamad Bin Khalifa Al Thani, Amir of the State of Qatar, Chairman of the Ninth Islamic Summit Conference of OIC, at the opening of the session (annex I);
- II. Text of the final communiqué (annex II).

I should be grateful if you would have the text of the present letter and its annexes circulated as a document of the General Assembly, under agenda items 21 (d), 25, 41, 42, 43, 118 and 166, and of the Security Council.

(Signed) Nassir Abdulaziz Al-Nasser
Ambassador
Permanent Representative



Annexes to the letter dated 11 October 2001 from the Permanent Representative of Qatar to the United Nations addressed to the Secretary-General

[Original: Arabic]

Annex I

Address of His Highness Sheikh Hamad Bin Khalifa Al Thani, Amir of the State of Qatar, Chairman of the Ninth Islamic Summit Conference, at the opening meeting of the ninth extraordinary session of the OIC Foreign Ministers, held at Doha on 10 October 2001

In the Name of God, the Merciful, the Compassionate

Your Excellency Brother Yassir Arafat, President of the State of Palestine,

Your Highness and Excellencies,

Your Excellency Dr. Abdul Wahid Belkziz, Secretary-General of the Organization of the Islamic Conference,

Representatives of Arab and Islamic Organizations in the United States of America,

Honourable guests,

This meeting is held in the wake of very grave events that will certainly have wide repercussions on the international situation and the Muslim nation for a long time to come. The expected American military action on Afghanistan, backed by the support of the allied States, was launched on the seventh of this month as a response to the terrorist attacks on New York and Washington last month, which shook the whole world with the heavy losses of the lives of innocent people, and the extensive destruction of a number of public and private properties it caused in the United States of America.

The consequences of this terrorist act and the military response to it will be casting their shadows on the entire world and presenting immense challenges not only to our Islamic countries but also to the whole international community. All this makes it incumbent upon us to meet for consultation on what we have to do to face up to these circumstances and on ways of dealing with their causes and consequences.

Allow me, on this occasion, to extend on your behalf to the people and Government of the United States of America our deep condolences and sincere sympathy and to stress our strongest condemnation of what has happened and our denunciation of these ignominious acts and the killing of the innocent and

terrorizing of the peaceful. Such acts are contrary to all human values, international customs and heavenly laws and religions, including our true Islamic creed which advocates peace among human beings and urges tolerance, love and equality and not enmity and hatred.

While stressing our unequivocal rejection of these acts, we find that countering them should not affect innocent civilians and should not extend to any but those who carried out those attacks. This requires providing conclusive evidence against the culprits. The military action should be exclusively confined to the perpetrators after the release of such evidence, so that the international community can determine its position with discernment and substantiated evidence. Innocent peoples should not be the ones who eventually have to pay. This places on all of us considerable responsibility towards the Afghan people, who have suffered for long decades from wars and conflicts that have displaced millions of their sons and completely destroyed their infrastructure. The Ninth OIC Summit Conference, held at Doha, affirmed the urgent need to set up a fund to extend aid to the people of Afghanistan under the auspices of OIC. I think it is high time that a decision was taken to establish this fund, for which I announce here the contribution of the State of Qatar the sum of US\$ 10 million.

Dear brothers,

Stating our position on these events, particular those that directly affect us as Muslims and those that affect us as members of the international community, requires that we point out first of all that our true religion holds human life high and respects the right of people to live in peace and security.

Islam is a religion of peace; its greeting is peace. Even at times when the Muslims were at their strongest

and most powerful, it pursued the course of peace and tolerance and upheld the rights of non-Muslims living under Islamic rule. It guaranteed their security and their sanctities and sacred places as well as their full civil rights.

Hence our condemnation of terrorism is not aimed at removing suspicion from Islam; it is denunciation of extremism, which exists throughout human societies and is not confined to a specific creed, culture or race. Moreover, it is necessary for countering extremism to address its causes that stir hatred and lead to violence.

Dear brothers,

The Islamic world was among the first to call for dialogue among civilizations as a means for interaction, agreement and rapprochement of their peoples, instead of falling into conflicting sects and opposing camps and being divided by clashing dichotomies based on the principle of "If you are not on my side, then you are against me". It is known to all that the United Nations General Assembly will soon issue an international document on dialogue among civilizations on the basis of an Islamic initiative and with reference to Islamic studies and documents which will be pivotal to this document.

This proves that the Islamic world has always been an active part of the international community on account of its civilization being one of international orientation, far removed from isolationism, introversion, xenophobia or antagonism to other civilizations or feeling the necessity of fighting or taking revenge on them.

Moreover, the Organization of the Islamic Conference was a forerunner in adopting a firm position on terrorism. Several years ago it arrived at a code for combating international terrorism, which was later included in a draft convention which the Islamic countries were invited to endorse.

Dear brothers,

Examination of past experiences allows us to arrive at formulas that would enable us to counter this hateful phenomenon, which does not differentiate between one race or another, nor recognize political or geographic boundaries or social or economic doctrines. The first thing that this requires is to work more for activating the role of the United Nations as the framework which holds together all countries of the

world and represents international legality based on its Charter, which basically aims at maintaining international peace and security. To that end, the United Nations should call for an international conference to draft an international convention on combating terrorism that will be binding on all countries. The United Nations must carry out its full responsibilities for the codification of the provisions of that convention, its implementation, putting it into effect and setting the penalties for violation of its provisions, so that the combating of international terrorism is carried out under the United Nations umbrella and command, in accordance with the criteria agreed upon, the most important of which is the definition of terrorism and distinguishing between terrorism, on the one hand, and the struggle of peoples against foreign occupation and their legitimate right to defend their freedom and exercise self-determination as a natural right guaranteed by international law and customs on the other.

From this standpoint, the Palestinian people in their struggle for the liberation of their homeland are practising a lawful right in resisting the occupation that has usurped the land, displaced its people and imposed a policy of starvation and siege and the assassination of leading political figures, in its continuing attempts to stifle the freedom of these people and suppress their independence.

The international community should not permit the recent events in the United States of America to distract it from its role and blind it to shouldering its responsibilities towards the State terrorism practised by the Israeli Government against the Palestinian people, its grave escalation of the situation in the region and its attempt to exploit these events to create new situations in the region that would threaten security and stability.

The atrocities perpetrated against the Palestinian people are nothing but organized terrorism practised by the Israeli State against unarmed people who have no alternative other than resistance in defence of their rights, the protection of their holy places and standing up against the humiliation, oppression, killings and displacement inflicted upon them.

I must state here that there are voices in our Islamic Nation which spell out that State terrorism begets terrorist organizations, and that violence breeds violence. The only way to break this vicious circle is to grant the Palestinian people their legitimate rights,

foremost among which is their right to self-determination and the establishment of their independent State on their national soil, with Al-Quds Al-Sharif as its capital.

From this standpoint, we call upon the international community, and primarily the United States of America, which is also one of the co-sponsors of the peace process along with the Russian Federation, as well as upon all influential international parties, to shoulder their responsibilities and provide the required international protection for the Palestinian people in the face of the Israeli war machine, as a preliminary step towards the resumption of the peace process on its original bases, in accordance with the resolutions of international legality and the principle of "land for peace".

I should like, on this occasion, to express satisfaction at the statements, in this respect, made by the United States President George Bush when he spoke of establishing the Palestinian State as being part of the strategic American vision of settling the conflict in our region. This position represents, in our view, a positive development of great importance, which will put things on their true course. We cannot but express the hope that the United States will move quickly to put this position into effect and seek to attain this strategic goal in the framework of the relevant international resolutions adopted in this connection so as to make it possible to pave the way for bringing about comprehensive, durable and just peace for all peoples and States in the region.

I must also commend the fair and responsible position taken by the United States President and the leaders of the European States in opposing attempts to exploit those tragic events to falsely accuse the Arabs and Muslims of terrorism, as well as their stand against those dubious attempts to insult Arabs and Muslims.

Dear brothers,

You are most welcome in your country. I hope that your meeting will bring about a unified position on the extremely grave events that are taking place in the world today. I beseech Almighty God to bestow success on you for the good of our Islamic Nation and the whole world.

May the peace, mercy and blessings of God be upon you.

Annex II

In the Name of God, the Merciful, the Compassionate

Final communique of the ninth extraordinary session of the Organization of the Islamic Conference of Foreign Ministers, held at Doha, Qatar on 10 October 2001

At the gracious invitation of His Highness Sheikh Hamad Bin Khalifa Al Thani, Amir of the State of Qatar and Chairman of the Ninth Islamic Summit Conference, the Foreign Ministers of the States members of the Organization of the Islamic Conference held an extraordinary session at Doha, capital of the State of Qatar, on Wednesday, 10 October 2001, to discuss the repercussions of the events which took place in the United States of America and their effects worldwide and in particular on member States.

The Conference was opened by His Highness Sheikh Hamad Bin Khalifa Al Thani, Amir of the State of Qatar and Chairman of the Ninth Islamic Summit Conference, who delivered an address in which he referred to the situation that resulted from the recent terrorist attacks in the United States of America and its consequences for the world in general and member States in particular.

His Excellency Mr. Yasir Arafat, President of the State of Palestine, then delivered a speech to the same effect, as well as pointing out the grave situation prevailing in the Palestinian territories.

Then a message from His Majesty King Mohammed VI of the Kingdom of Morocco, Chairman of the Al-Quds Committee, was read out, followed by a speech by His Excellency the Secretary-General of the Organization of the Islamic Conference.

The Conference commended the address by the representative of the Islamic and Arab Organizations in the United States on behalf of the Muslim communities residing in the United States of America. It also welcomed the Christian-Islamic delegation accompanying President Yasir Arafat.

The Conference then proceeded to elect its Bureau as follows:

- | | |
|-----------------------|------------------|
| - State of Qatar | Chairman; |
| - Malaysia |] Vice-Chairmen; |
| - Republic of Senegal | |
| - State of Palestine | |
| - Republic of Mali | Rapporteur. |

His Excellency Sheikh Hamad Bin Jassem Bin Jabr Al Thani, Foreign Minister of the State of Qatar and Chairman of the ninth extraordinary session of Foreign Ministers of States members of the Organization of the Islamic Conference, then assumed the Chair.

After debate and discussion, the Conference reached the following conclusions:

1. The Conference strongly condemned the brutal terrorist acts that befell the United States, caused huge losses in human lives from various nationalities and wreaked tremendous destruction and damage in New York and Washington. It further reaffirmed that these terrorist acts ran counter to the teachings of the divine religions as well as ethical and human values, stressed the necessity of tracking down the perpetrators of these acts in the light of the results of investigations and bringing them to justice to inflict on them the penalty they deserve, and underscored its support of this effort. In this respect, the Conference expressed its condolences to and sympathy with the people and Government of the United States and the families of the victims in these mournful and tragic circumstances.

2. The Conference, proceeding from the provisions of the OIC Convention on Combating International Terrorism, reaffirmed the willingness of its member States to effectively contribute to an international collective effort, under the umbrella of the United Nations as the forum where all States of the world are represented, to define the phenomenon of terrorism in all its forms and without selectiveness or double standards and to contribute also to addressing its causes, eradicating its roots and achieving international security and stability.

3. The Conference stressed that such shameful terrorist acts are opposed to the tolerant divine message of Islam which spurns aggression, calls for peace, coexistence, tolerance and respect among people, highly prizes the dignity of human life and prohibits the killing of the innocent. It further rejected any attempts to allege the existence of any connection or

relation between the Islamic faith and the terrorist acts, as such attempts are not in the interest of multilateral efforts to combat terrorism and further damage relations among peoples of the world. It stressed as well the need to undertake a joint effort to promote dialogue and create linkage between the Islamic world and the West in order to reach mutual understanding and build bridges of confidence between the two civilizations.

4. The Conference welcomed the positions adopted by both the United States and the other countries that called on their citizens to avoid causing any harm to citizens of Arab and Islamic descent and to Arabs and Muslims residing therein. It also called upon the international community to undertake the necessary measures to protect the rights of innocent civilians and avoid causing any harm to them during the process of undertaking any preventive measures in the fight against the phenomenon of terrorism and denounced aberrant voices that have tried to cause harm to Islam and Muslims.

5. The Conference reaffirmed the need to convene an international conference under the auspices of the United Nations to reflect the rejection by the international community of the use of terrorism in international relations, to agree on its definition and to draw up an international plan to combat terrorism within the framework of respect of member States' sovereignty and of international law. The United Nations, on the basis of such universally recognized definitions and guidelines, is the legitimate body to determine engagement or support for terrorism by any State or group.

6. The Conference stressed its rejection of any linkage between terrorism and the rights of the Islamic and Arab peoples, including the Palestinian and Lebanese peoples, the right to self-determination, self-defence, sovereignty and resistance against Israeli and foreign occupation, all of which are legitimate rights enshrined in the United Nations Charter and international law.

7. The Conference expressed hope that preoccupation with the effects of the events which befell the United States would not lead the international community to neglect shouldering its responsibilities vis-à-vis the State terrorism practised by the Israeli Government and to which the Palestinian

people is being subjected and Israel's serious escalation of the situation in the region.

8. The Conference warned Israel of the consequences of its exploitation of these events as a pretext for perpetuating its aggression against the Palestinian people and the creation of new situations in the region which are likely to jeopardize security and stability therein.

9. The Conference requested the Security Council and the co-sponsors of the peace process, the United States and the Russian Federation, as well as the European Union and its member States, to exert their utmost effective efforts in order to lift the blockade and stop Israel's brutal practices, provide international protection for the Palestinian people and end the Israeli occupation of all Palestinian and other Arab territories occupied since 1967.

10. The Conference stressed that the international initiative towards achieving security and stability in a world free from terrorism and injustice must also include the achievement of security and justice for the Palestinian people, the establishment of an independent Palestinian State with Al-Quds Al-Sharif as its capital, and the protection of the Christian and Islamic holy places. In this context, the Conference also welcomed the statements of President George W. Bush about the right of the Palestinians to establish their own State, which were supported by the Russian Federation, the European Union, China, Japan, the African States, the countries of the Non-Aligned Movement, the international community and the United Nations, as a positive development in conformity with the resolutions of international legitimacy. It further expressed hope that the United States would immediately initiate the practical implementation of that issue and endeavour to achieve this strategic objective of establishing a just and comprehensive peace for all States and peoples of the region.

11. The Conference expressed its concern over the possible consequences of the fight against terrorism, including the death of innocent civilians in Afghanistan, and underlined the necessity of ensuring the territorial integrity of Afghanistan and its Islamic identity. It rejected the targeting of any Islamic or Arab State under the pretext of fighting terrorism.

12. The Conference welcomed the proposal by His Highness Sheikh Hamad Bin Khalifa Al Thani, Amir of the State of Qatar and Chairman of the Ninth

Islamic Summit Conference, to establish a fund to assist the Afghan people and His Highness's announcement to donate the amount of ten million US dollars (US\$ 10,000,000) to this fund. It also welcomed the announcements of donations by the United Arab Emirates in the amount of three million US dollars (US\$ 3,000,000), and the Sultanate of Oman in the amount of one million US dollars (US\$ 1,000,000) to the fund for assistance to the Afghan people. The Conference took note of the announcement made by His Royal Highness the Foreign Minister of the Kingdom of Saudi Arabia that the Kingdom has made a donation of ten million US dollars to the Afghan people and that the assistance has already reached its destination in Afghanistan. It further took note of the fact that the Kingdom will contribute to the rehabilitation projects specifically developed for the people of Afghanistan and urged the rest of the member States to continue to make donations to this noble humanitarian cause.



**General Assembly
Security Council**

Distr.: General
11 October 2001
English
Original: Arabic

**General Assembly
Fifty-sixth session**

Agenda item 166

Measures to eliminate international terrorism

**Security Council
Fifty-sixth year**

**Letter dated 11 October 2001 from the Permanent
Representative of the United Arab Emirates to the
United Nations addressed to the Secretary-General**

On instructions from my Government, I have the honour to attach the text of a statement by the Council of Ministers of the United Arab Emirates, dated 8 October 2001, in which the United Arab Emirates takes a firm position with regard to the military operations conducted against international terrorism centres, deplores the humanitarian situation of the Afghan people and expresses its gratitude to the President of the United States and the Prime Minister of the United Kingdom for their statements rejecting the idea that terrorism and Islam are one and the same.

I should be grateful if you would have this letter and its annex circulated as a document of the General Assembly, under agenda item 166, and of the Security Council.

(Signed) Abdul-Aziz Bin Nasser Al-Shamsi
Ambassador, Permanent Representative



Annex to the letter dated 11 October 2001 from the Permanent Representative of the United Arab Emirates to the United Nations addressed to the Secretary-General

Statement by the Council of Ministers on developments with respect to Afghanistan

The United Arab Emirates reaffirms its support for the international efforts aimed at combating terrorism. It is aware of the reasons underlying the military operations currently being waged against the international terrorism centres and receiving broad international support. The United Arab Emirates must, however, express its support and solidarity for the Afghan people in their current predicament and its commitment to the humanitarian efforts which are being made to ease their suffering. We appeal to those concerned to spare innocent civilians, and we request the international community to make serious and responsible efforts to counter terrorism, wherever it may arise, in accordance with the relevant resolutions of the United Nations, and also to prevail upon Israel to end immediately its terrorist operations against the Palestinian people. Such is the firm position of the United Arab Emirates, as expressed by the Head of State, His Excellency Sheikh Zayed Bin Sultan Al Nahyan, who has stated that he strongly repudiates terrorism in all its forms and manifestations and has invited the international community to unite its forces in combating terrorism and eliminating it in accordance with the principles of international legitimacy.

The United Arab Emirates is pleased that the President of the United States, George Bush, and the Prime Minister of the United Kingdom, Tony Blair, have rejected the idea that terrorism and Islam are one and the same and have condemned the hostility being shown to Arabs and Muslims. The United Arab Emirates again denounces the campaign of hatred that some Western media are conducting against the Arabs and Muslims in order to denigrate Islam, which is in actuality a religion of peace, brotherhood and tolerance.



General Assembly

Distr.: General
12 October 2001

Original: English

Fifty-sixth session
Agenda item 129
Improving the financial situation
of the United Nations

Improving the financial situation of the United Nations

Report of the Secretary General

I. Introduction

1. The present report updates the information on the financial situation of the United Nations contained in the previous report of the Secretary-General (A/55/504/Add.1). It also provides information on the financial situation of the Organization as at 30 September 2001 and projections to 31 December.

II. Review of the financial situation as at 30 September and prospects to 31 December 2001

A. Overview

2. The timing and amount of cash inflows is central to the decision-making process, which determines in large measure the Organization's financial situation. The present report therefore focuses on actual cash inflows as at 30 September 2001, as well as cash payments expected during the last quarter of this year based on information received from Member States and on prior payment patterns, both in the aggregate and by category — that is, the regular budget, peacekeeping and the international tribunals.

3. Figures for the United States of America are based on information provided by that Government that

its domestic legislation for funding payments has, for the most part, been finalized and that payments in the last quarter of 2001 should total \$1,459 million. Together with current payments and credits of \$207 million (\$15 million to the regular budget, \$20 million to the international tribunals and \$172 million to peacekeeping), total payments and credits for the United States in 2001 should amount to \$1,666 million. The components of the prior quarter's payment by the United States include \$582 million for the second tranche of its payment for peacekeeping arrears, \$572 million for this year's peacekeeping assessments, \$23 million for the international tribunals, \$251 million for the regular budget payment and an additional contribution of \$31 million, made possible by Ted Turner, promised in the context of the General Assembly's approval of the scale of assessments for 2001-2003 (see resolution 55/235).

4. As a result of those payments and those of other Member States, total payments should reach \$4,716 million by the end of the year, exceeding projected assessments of \$4,246 million in 2001.

5. This means that for the first time in many years the United Nations will have a more secure and solid base on which to do business. Issues long held in abeyance can now be tackled, including delayed reimbursements for troops and equipment, cash deficits



and the need to cross-borrow from peacekeeping accounts.

B. Current assessment levels

6. Assessment levels are the best indicator of the service demands placed upon the Organization and the resources required to meet those demands. Aggregate assessment levels for 2001 are estimated at \$4,246 million, reflecting a major increase over those for 2000. They are also twice the size of those for 1999 and very close to the previous highs in 1994 and 1995.

7. Regular budget assessment levels have been static over the past eight years, including this year, remaining at just over \$1 billion. Real costs have been reduced sufficiently to absorb inflation, special mission costs and other unforeseen costs relating to peace and security and to produce a regular budget, which today is lower than in 1994. The level of regular budget assessments is a clear confirmation of the Organization's attention to financial discipline.

8. However, some challenges related to maintaining the level of the regular budget for this year have become evident. Inflation has been higher and exchange rates have been more volatile and, of late, unfavourable. Adding to these increased costs are the additional services requested by Member States. As a result, a final reading on maintaining the 2001 budget level cannot be made until the end of the year, when the General Assembly reviews the final performance report for the biennium 2000-2001.

9. Tribunal assessment levels have increased steadily over the past five years. The International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia have combined assessments for 2001 of \$169 million and approximately 1,800 staff members.

10. Assessment levels for peacekeeping missions have been erratic from year to year, depending on mission requirements and objectives. Assessments for peacekeeping operations in 1994 and 1995 were very high, with diminishing amounts each year thereafter from 1996 to 1999. There has been a rapid rise since then, and assessments in 2001 are likely to be only slightly below the high level reached in 1994. With eight assessment letters issued this year and one or two more still expected to be issued, depending on decisions of the Security Council, the level of

peacekeeping assessments is forecast to reach over \$3 billion by the end of the year.

11. Currently, peacekeeping assessments are concentrated in five large missions, the United Nations Mission in Sierra Leone (UNAMSIL), the United Nations Transitional Administration in East Timor, the United Nations Interim Administration Mission in Kosovo, the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC) and the United Nations Mission in Ethiopia and Eritrea (UNMEE). By the end of the year, assessments for those missions are expected to total \$2.4 billion. Assessments for the remaining seven missions may total around \$600 million.

III. Key indicators

12. The level of unpaid assessments, the level of cash balance and the level of debt to Member States are the three key indicators of the financial situation of the Organization. The analysis that follows is based on a review of those three indicators showing actual results for the months of January to September 2001 and a preliminary estimate for the remaining three months of the year.

A. Unpaid assessments

Overall

13. At 30 September 2001, unpaid assessments totalled \$3,893 million. A year earlier, the amount was \$3,094 million. All three budgetary areas (the regular budget, peacekeeping and the international tribunals) show increases in amounts unpaid compared with the previous year. The regular budget figure increased from \$533 million to \$541 million. Unpaid peacekeeping assessments moved to an unprecedented high level of \$3,281 million from \$2,507 million a year earlier, and unpaid tribunal assessments increased from \$54 million to \$71 million. Based on payments expected by the end of this year, however, the level of unpaid assessments should fall to \$1,799 million as at 31 December 2001.

Regular Budget

14. As regards the regular budget, total unpaid assessments at 30 September 2001 amounted to \$541

million. The United States owed \$447 million, or 83 per cent. Brazil and Argentina owed the next largest amounts, \$33 million and \$19 million respectively, with the remaining Member States owing \$42 million. As at 31 December 2001, unpaid amounts are projected to decrease to \$217 million, of which 76 per cent, or \$165 million, would relate to the United States and \$52 million, or 24 per cent, would relate to 64 other Member States.

15. Over the past several years there has been a steady increase in the number of Member States paying their regular budget assessments in full. As at the end of September 2001, 122 Member States had fully paid all their regular budget assessments for this year and all prior years. However, at the same time last year, 131 Member States had paid in full. At the end of last year, the total number of States paying their regular budget assessments in full reached 141. In order to continue the improvement of recent years, at least 20 more Member States would need to pay their regular budget contributions in full by the end of this year.

International tribunals

16. As for the international tribunals, unpaid assessments as at 30 September stood at \$71 million. The United States owed \$38 million, or 53 per cent of the total. Two other Member States, Brazil and the Russian Federation, owed \$7 million and \$14 million respectively, for a total of \$21 million. Other Member States together owed \$12 million.

17. A further \$23 million is expected from the United States by year's end for the international tribunals, reducing to \$15 million the amount due at the end of the year from that Member State. That would leave the United States with 34 per cent of the projected total unpaid. Other Member States are projected to have aggregate unpaid amounts of \$29 million, or 66 per cent of the total.

Peacekeeping

18. At the end of September unpaid peacekeeping assessments had reached the high level of \$3,281 million. Of that amount, the United States owed \$1,837 million, or 56 per cent, the other 14 major contributors owed \$1,041 million, or 32 per cent, and the remaining Member States owed \$403 million, or 12 per cent.

19. A number of payments are expected from Member States over the next three months. These

include \$582 million from the United States in arrears and \$572 million in respect of the current year's assessments. On that basis, at 31 December 2001, amounts due from the United States for unpaid peacekeeping assessments are projected to total \$683 million, or 45 per cent of aggregate amounts outstanding, a marked change from recent years. Significant payments from other Member States are also expected by year's end, reducing the amount owed by those Member States to \$855 million, or 55 per cent of the aggregate amount.

B. Available cash

Regular budget

20. This year began with a positive balance for the regular budget in the General Fund and related accounts of \$66 million, followed in January to June with receipts for the most part in excess of disbursements. The months of July to September showed cash balances fluctuating above and below the zero mark. At the end of September, however, the Organization's available cash decreased to minus \$22 million. This deficit position is expected to continue and deepen through October and November, when the deficit is projected to reach negative figures of \$92 million and \$147 million.

21. As a result of the confirmation by the United States that the remaining portion of its regular budget payment for 2001 would be paid, despite the possibility that some conditions might be imposed by that Government's legislative branch that would require some withholding of funds, a payment of \$251 million has been projected to be received by the end of the year. As a result, at 31 December, regular budget cash balances are forecast at \$2 million.

22. The recurring cash deficit during the last three months of each year has become a chronic situation. It will be set right only when all Member States pay their regular budget assessments when they are due, on or before 31 January.

Peacekeeping

23. The situation regarding peacekeeping cash for 2001 is, in many respects, the opposite of that regarding regular budget cash. There were low balances at the beginning of the year and larger balances are expected at the end of the year. From

January to August, balances were at a base level, with variations generally reflecting operational needs, which vary somewhat each month. Cash balances began to increase in September with the receipt of payments. October and November should see higher levels, amounting to approximately \$1.8 billion, at the end of each month, as a result of the arrears payment of \$582 million from the United States as well as its current-year payment of \$572 million for peacekeeping assessments.

24. However, cash balance is expected to decrease to \$1,238 million at year's end as a result of the long-overdue payments that are expected to be made to Member States for troops and contingent-owned equipment. It is the Secretary-General's intention to make payments to troop and equipment providers as soon as possible once the payment of \$582 million in arrears has been received from the United States.

Combined cash situation

25. Combined cash at the end of the year is projected at \$1,264 million, consisting of \$1,238 million for peacekeeping, \$24 million for the tribunals and \$2 million in regular budget accounts. This is a balanced picture, not good in all respects but better than in most recent years.

C. Amounts owed to Member States

26. Debt to Member States has in the past been characterized as intractable. This year could see a dramatic change.

27. The United States has informed the Secretariat that legislation authorizing a peacekeeping arrears payment of \$582 million has been signed into law. Payment is expected, after a 30-day waiting period required by United States law, in early November.

28. The total payment of \$582 million will be received in two parts, a cash payment of \$475 million and a credit for the benefit of the United Nations of \$107 million arising out of the application by the United States of amounts owed by the United Nations for troops, contingent-owned equipment and letters of assist against obligations owed by the United States for peacekeeping assessments. The credit arising from the application of amounts due to the United States in effect saves the United Nations \$107 million that would otherwise require the disbursement of cash. In

effect, the financial position of the United Nations is benefited to the full extent of \$582 million.

29. Payment of any amount to Member States for troop and contingent-owned-equipment debt requires certification. It is the intention of the Secretariat to effect the payment for all certified contingent-owned equipment claims, now totalling \$505 million, as soon as the arrearage payment from the United States is received. Those payments will be made to 48 Member States in respect of nine completed and five active missions. The remaining portion of the United States arrears, or \$77 million, will be held until claims that are currently being processed are certified.

30. At 1 January 2001, debt to Member States stood at \$917 million, \$164 million owed for troops and \$753 million owed for contingent-owned equipment. Current payments applicable to prior-year obligations had been forecast at \$100 million, to be paid to Member States for year-2000 obligations. However, a higher level of payment, some \$131 million, was paid instead.

31. New obligations for 2001, however, are forecast to be higher than originally envisaged — \$668 million compared with \$504 million. This increase is due to three factors. First, several missions, namely UNAMSIL, UNMEE and MONUC have larger contingent-owned equipment components than most other missions. Second, the General Assembly recently approved higher rates of reimbursement for troops and equipment, and, third, the Department of Peacekeeping Operations revised the estimated amounts due. It is now forecast, therefore, that new 2001 obligations will total \$668 million instead of \$504 million.

32. As for payments for new obligations, one payment of \$54 million was made for contingent-owned equipment in June. Unfortunately, the cash situation of the Organization and the operational requirements of the active missions did not allow for the reimbursement of troop costs to Member States during July and August. However, because of the current cash situation, a second progress payment for contingent-owned equipment, amounting to some \$16 million, was paid in the first week of October. It is also projected that payments will be made in November and December for both troops and contingent-owned equipment in the amount of \$380 million. Thus, reimbursement payments for new 2001 obligations should total \$450 million.

33. In addition, a further payment to Member States of \$166 million in connection with the remaining obligations in 2001 is projected to be made in early 2002. If that latter amount is paid, the original forecast for debt of \$904 million will be reduced to \$256 million.

34. Based on the above plan of action, the Secretariat would be current in terms of paying troop-contributing countries, with the exception of some \$37 million for certified claims for the United Nations Transitional Authority in Cambodia, the United Nations Operation in Mozambique and the United Nations Mission in the Central African Republic.

IV. Conclusion

35. Member States are calling upon the United Nations to provide more and more services in more and more areas. Such demands can be met only if the Organization is financially secure. Prospects for financial security are positive, assuming that the projections for payments in the last quarter of 2001 as set out in the present report are accurate. Unpaid assessments would be lower, combined cash would be higher and debt to Member States would be greatly reduced. At a time when it may be needed more than ever, financial stability and security finally appear closer at hand.



General Assembly

Distr.: General
16 October 2001

Original: English

Fifty-sixth session
Agenda item 129
Improving the financial situation
of the United Nations

Improving the financial situation of the United Nations

Report of the Secretary-General

I. Introduction

1. The present report updates the information on the financial situation of the United Nations contained in the previous report of the Secretary-General (A/55/504/Add.1). It also provides information on the financial situation of the Organization as at 30 September 2001 and projections to 31 December.

II. Review of the financial situation as at 30 September and prospects to 31 December 2001

A. Overview

2. The timing and amount of cash inflows is central to the decision-making process, which determines in large measure the Organization's financial situation. The present report therefore focuses on actual cash inflows as at 30 September 2001, as well as cash payments expected during the last quarter of this year based on information received from Member States and on prior payment patterns, both in the aggregate and by category — that is, the regular budget, peacekeeping and the international tribunals.

3. Figures for the United States of America are based on information provided by that Government that its domestic legislation for funding payments has, for the most part, been finalized and that payments in the last quarter of 2001 should total \$1,459 million. Together with current payments and credits of \$207 million (\$15 million to the regular budget, \$20 million to the international tribunals and \$172 million to peacekeeping), total payments and credits for the United States in 2001 should amount to \$1,666 million. The components of the last quarter's payment by the United States include \$582 million for the second tranche of its payment for peacekeeping arrears, \$572 million for this year's peacekeeping assessments, \$23 million for the international tribunals, \$251 million for the regular budget payment and an additional contribution of \$31 million, made possible by Ted Turner, promised in the context of the General Assembly's approval of the scale of assessments for 2001-2003 (see resolution 55/235).

4. As a result of those payments and those of other Member States, total payments should reach \$4,716 million by the end of the year, exceeding projected assessments of \$4,246 million in 2001.

5. This means that for the first time in many years the United Nations will have a more secure and solid base on which to do business. Issues long held in abeyance can now be tackled, including delayed

* Reissued for technical reasons.



reimbursements for troops and equipment, cash deficits and the need to cross-borrow from peacekeeping accounts.

B. Current assessment levels

6. Assessment levels are the best indicator of the service demands placed upon the Organization and the resources required to meet those demands. Aggregate assessment levels for 2001 are estimated at \$4,246 million, reflecting a major increase over those for 2000. They are also twice the size of those for 1999 and very close to the previous highs in 1994 and 1995.

7. Regular budget assessment levels have been static over the past eight years, including this year, remaining at just over \$1 billion. Real costs have been reduced sufficiently to absorb inflation, special mission costs and other unforeseen costs relating to peace and security and to produce a regular budget, which today is lower than in 1994. The level of regular budget assessments is a clear confirmation of the Organization's attention to financial discipline.

8. However, some challenges related to maintaining the level of the regular budget for this year have become evident. Inflation has been higher and exchange rates have been more volatile and, of late, unfavourable. Adding to these increased costs are the additional services requested by Member States. As a result, a final reading on maintaining the 2001 budget level cannot be made until the end of the year, when the General Assembly reviews the final performance report for the biennium 2000-2001.

9. Tribunal assessment levels have increased steadily over the past five years. The International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia have combined assessments for 2001 of \$169 million and approximately 1,800 staff members.

10. Assessment levels for peacekeeping missions have been erratic from year to year, depending on mission requirements and objectives. Assessments for peacekeeping operations in 1994 and 1995 were very high, with diminishing amounts each year thereafter from 1996 to 1999. There has been a rapid rise since then, and assessments in 2001 are likely to be only slightly below the high level reached in 1994. With eight assessment letters issued this year and one or two more still expected to be issued, depending on

decisions of the Security Council, the level of peacekeeping assessments is forecast to reach over \$3 billion by the end of the year.

11. Currently, peacekeeping assessments are concentrated in five large missions, the United Nations Mission in Sierra Leone (UNAMSIL), the United Nations Transitional Administration in East Timor, the United Nations Interim Administration Mission in Kosovo, the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC) and the United Nations Mission in Ethiopia and Eritrea (UNMEE). By the end of the year, assessments for those missions are expected to total \$2.4 billion. Assessments for the remaining seven missions may total around \$600 million.

III. Key indicators

12. The level of unpaid assessments, the level of cash balance and the level of debt to Member States are the three key indicators of the financial situation of the Organization. The analysis that follows is based on a review of those three indicators showing actual results for the months of January to September 2001 and a preliminary estimate for the remaining three months of the year.

A. Unpaid assessments

Overall

13. At 30 September 2001, unpaid assessments totalled \$3,893 million. A year earlier, the amount was \$3,094 million. All three budgetary areas (the regular budget, peacekeeping and the international tribunals) show increases in amounts unpaid compared with the previous year. The regular budget figure increased from \$533 million to \$541 million. Unpaid peacekeeping assessments moved to an unprecedented high level of \$3,281 million from \$2,507 million a year earlier, and unpaid tribunal assessments increased from \$54 million to \$71 million. Based on payments expected by the end of this year, however, the level of unpaid assessments should fall to \$1,799 million as at 31 December 2001.

Regular budget

14. As regards the regular budget, total unpaid assessments at 30 September 2001 amounted to \$541 million. The United States owed \$447 million, or 83 per cent. Brazil and Argentina owed the next largest amounts, \$33 million and \$19 million respectively, with the remaining Member States owing \$42 million. As at 31 December 2001, unpaid amounts are projected to decrease to \$217 million, of which 76 per cent, or \$165 million, would relate to the United States and \$52 million, or 24 per cent, would relate to 64 other Member States.

15. Over the past several years there has been a steady increase in the number of Member States paying their regular budget assessments in full. As at the end of September 2001, 122 Member States had fully paid all their regular budget assessments for this year and all prior years. However, at the same time last year, 131 Member States had paid in full. At the end of last year, the total number of States paying their regular budget assessments in full reached 141. In order to continue the improvement of recent years, at least 20 more Member States would need to pay their regular budget contributions in full by the end of this year.

International tribunals

16. As for the international tribunals, unpaid assessments as at 30 September stood at \$71 million. The United States owed \$38 million, or 53 per cent of the total. Two other Member States, Brazil and the Russian Federation, owed \$7 million and \$14 million respectively, for a total of \$21 million. Other Member States together owed \$12 million.

17. A further \$23 million is expected from the United States by year's end for the international tribunals, reducing to \$15 million the amount due at the end of the year from that Member State. That would leave the United States with 34 per cent of the projected total unpaid. Other Member States are projected to have aggregate unpaid amounts of \$29 million, or 66 per cent of the total.

Peacekeeping

18. At the end of September unpaid peacekeeping assessments had reached the high level of \$3,281 million. Of that amount, the United States owed \$1,837 million, or 56 per cent, the other 14 major contributors

owed \$1,041 million, or 32 per cent, and the remaining Member States owed \$403 million, or 12 per cent.

19. A number of payments are expected from Member States over the next three months. These include \$582 million from the United States in arrears and \$572 million in respect of the current year's assessments. On that basis, at 31 December 2001, amounts due from the United States for unpaid peacekeeping assessments are projected to total \$683 million, or 45 per cent of aggregate amounts outstanding, a marked change from recent years. Significant payments from other Member States are also expected by year's end, reducing the amount owed by those Member States to \$855 million, or 55 per cent of the aggregate amount.

B. Available cash

Regular budget

20. This year began with a positive balance for the regular budget in the General Fund and related accounts of \$66 million, followed in January to June with receipts for the most part in excess of disbursements. The months of July to September showed cash balances fluctuating above and below the zero mark. At the end of September, however, the Organization's available cash decreased to minus \$22 million. This deficit position is expected to continue and deepen through October and November, when the deficit is projected to reach negative figures of \$92 million and \$147 million.

21. As a result of the confirmation by the United States that the remaining portion of its regular budget payment for 2001 would be paid, despite the possibility that some conditions might be imposed by that Government's legislative branch that would require some withholding of funds, a payment of \$251 million has been projected to be received by the end of the year. As a result, at 31 December, regular budget cash balances are forecast at \$2 million.

22. The recurring cash deficit during the last three months of each year has become a chronic situation. It will be set right only when all Member States pay their regular budget assessments when they are due, on or before 31 January.

Peacekeeping

23. The situation regarding peacekeeping cash for 2001 is, in many respects, the opposite of that regarding regular budget cash. There were low balances at the beginning of the year and larger balances are expected at the end of the year. From January to August, balances were at a base level, with variations generally reflecting operational needs, which vary somewhat each month. Cash balances began to increase in September with the receipt of payments. October and November should see higher levels, amounting to approximately \$1.8 billion, at the end of each month, as a result of the arrears payment of \$582 million from the United States as well as its current-year payment of \$572 million for peacekeeping assessments.

24. However, cash balance is expected to decrease to \$1,238 million at year's end as a result of the long-overdue payments that are expected to be made to Member States for troops and contingent-owned equipment. It is the Secretary-General's intention to make payments to troop and equipment providers as soon as possible once the payment of \$582 million in arrears has been received from the United States.

Combined cash situation

25. Combined cash at the end of the year is projected at \$1,264 million, consisting of \$1,238 million for peacekeeping, \$24 million for the tribunals and \$2 million in regular budget accounts. This is a balanced picture, not good in all respects but better than in most recent years.

C. Amounts owed to Member States

26. Debt to Member States has in the past been characterized as intractable. This year could see a dramatic change.

27. The United States has informed the Secretariat that legislation authorizing a peacekeeping arrears payment of \$582 million has been signed into law. Payment is expected, after a 30-day waiting period required by United States law, in early November.

28. The total payment of \$582 million will be received in two parts, a cash payment of \$475 million and a credit for the benefit of the United Nations of \$107 million arising out of the application by the

United States of amounts owed by the United Nations for troops, contingent-owned equipment and letters of assist against obligations owed by the United States for peacekeeping assessments. The credit arising from the application of amounts due to the United States in effect saves the United Nations \$107 million that would otherwise require the disbursement of cash. In effect, the financial position of the United Nations is benefited to the full extent of \$582 million.

29. Payment of any amount to Member States for troop and contingent-owned-equipment debt requires certification. It is the intention of the Secretariat to effect the payment for all certified contingent-owned equipment claims, now totalling \$505 million, as soon as the arrearage payment from the United States is received. Those payments will be made to 48 Member States in respect of nine completed and five active missions. The remaining portion of the United States arrears, or \$77 million, will be held until claims that are currently being processed are certified.

30. At 1 January 2001, debt to Member States stood at \$917 million, \$164 million owed for troops and \$753 million owed for contingent-owned equipment. Current payments applicable to prior-year obligations had been forecast at \$100 million, to be paid to Member States for year-2000 obligations. However, a higher level of payment, some \$131 million, was paid instead.

31. New obligations for 2001, however, are forecast to be higher than originally envisaged — \$668 million compared with \$504 million. This increase is due to three factors. First, several missions, namely UNAMSIL, UNMEE and MONUC have larger contingent-owned equipment components than most other missions. Second, the General Assembly recently approved higher rates of reimbursement for troops and equipment, and, third, the Department of Peacekeeping Operations revised the estimated amounts due. It is now forecast, therefore, that new 2001 obligations will total \$668 million instead of \$504 million.

32. As for payments for new obligations, one payment of \$54 million was made for contingent-owned equipment in June. Unfortunately, the cash situation of the Organization and the operational requirements of the active missions did not allow for the reimbursement of troop costs to Member States during July and August. However, because of the current cash situation, a second progress payment for contingent-owned equipment, amounting to some \$16

million, was paid in the first week of October. It is also projected that payments will be made in November and December for both troops and contingent-owned equipment in the amount of \$380 million. Thus, reimbursement payments for new 2001 obligations should total \$450 million.

33. In addition, a further payment to Member States of \$166 million in connection with the remaining obligations in 2001 is projected to be made in early 2002. If that latter amount is paid, the original forecast for debt of \$904 million will be reduced to \$256 million.

34. Based on the above plan of action, the Secretariat would be current in terms of paying troop-contributing countries, with the exception of some \$37 million for certified claims for the United Nations Transitional Authority in Cambodia, the United Nations Operation in Mozambique and the United Nations Mission in the Central African Republic.

IV. Conclusion

35. Member States are calling upon the United Nations to provide more and more services in more and more areas. Such demands can be met only if the Organization is financially secure. Prospects for financial security are positive, assuming that the projections for payments in the last quarter of 2001 as set out in the present report are accurate. Unpaid assessments would be lower, combined cash would be higher and debt to Member States would be greatly reduced. At a time when it may be needed more than ever, financial stability and security finally appear closer at hand.



General Assembly

Distr.: General
12 October 2001

Original: English

Fifty-sixth session

Agenda item 99 (b)

**Operational activities for development: economic and
technical cooperation among developing countries**

State of South-South cooperation

Report of the Secretary-General*

Summary

The present report is submitted pursuant to General Assembly resolution 54/226 of 22 December 1999. It contains a review of the state of South-South cooperation during the period 1998-2000, especially in the areas of trade, investment, and monetary and financial arrangements, in the context of increasing regional and subregional cooperation in the South. An analysis of main trends is followed by a synopsis of key issues that deserve special consideration in advancing South-South cooperation.

* The footnote requested by the General Assembly in resolution 54/248 was not included in the submission.



Contents

	<i>Paragraphs</i>	<i>Page</i>
I. Introduction	1-2	3
II. State of South-South cooperation	3-25	3
A. South-South cooperation in trade	3-10	3
B. South-South cooperation in investment	11-17	6
C. South-South monetary and financial cooperation	18-25	8
III. Evolving trends and issues of South-South cooperation	26-43	10
A. Consolidating South-South cooperation platforms	27-28	10
B. Diversifying regional and subregional arrangements	29-37	11
C. Pooling capacities and partnering for strategic initiatives	38-43	13
IV. Concluding remarks	44-46	14

I. Introduction

1. The present report is submitted in accordance with General Assembly resolution 54/226 of 22 December 1999 in which the General Assembly requested the Secretary-General to present to the fifty-sixth session a report on the current state of South-South cooperation. The state of South-South technical cooperation was extensively discussed at the twelfth session of the High-level Committee on the Review of Technical Cooperation among Developing Countries that was held from 29 May to 1 June 2001. The deliberations and decisions of that Committee are contained in document A/56/39, which is being submitted to the General Assembly at its current session.

2. While this report focuses more on South-South economic cooperation in the period 1998-2000, it also highlights a number of evolving trends and issues in both economic and technical cooperation among developing countries, with special emphasis on regional and subregional cooperation as the most salient forms of South-South cooperation. The report which draws heavily on an earlier paper and studies prepared by the United Nations Conference on Trade and Development (UNCTAD), is divided into four sections. Following the introduction, chapter one focuses on the current state of South-South cooperation in the areas of trade, investment and monetary and financial arrangements. Key evolving trends in South-South economic and technical cooperation and issues that deserve special consideration to advance such cooperation are the subjects of chapter two while chapter three contains concluding remarks.

II. State of South-South cooperation

A. South-South cooperation in trade

3. Trade among developing countries has been growing in recent years. In 1998 and 1999, about 40 per cent of developing countries' exports were destined to other developing countries, representing a steady expansion over the levels in 1980 (26.5 per cent) and 1990 (34 per cent).¹ As regards trade in services, world trade in commercial services, which accounts for about 20 per cent of world trade in goods and services, is estimated to have grown by 5 per cent in 2000, slightly less than the average growth rate of 6 per cent between 1990-2000.² In 1998, developing countries accounted for 22 per cent of world exports of commercial services, standing at \$979 billion, while three quarters of world trade in such services, amounting to \$1,323 billion, originated in developed countries.³

4. Overall, the South's share of world trade in services, which stood at 24.3 per cent in 2000, had progressed modestly since 1990, when its share was 18.8 per cent. About three quarters of those commercial services originated in the developing economies in Asia, and their share in the South had increased steadily from 64.6 per cent in 1990 to 72 per cent in 1998 and 73 per cent in 2000. According to the World Trade Organization (WTO), five Asian economies, namely, Indonesia, Republic of Korea, Malaysia, Philippines and Thailand, expanded their exports of commercial services at an annual rate of 10 per cent during the 1990s compared to 8 per cent in Latin America and 5 per cent in Africa. Latin America and the Caribbean

represented 17.4 per cent of developing countries' exports of commercial services while Africa has the smallest share of the South's exports (9.2 per cent).

5. Intra-regional trade fluctuated in all developing regions during the period under review. This trend was very noticeable in the developing economies in Asia, where countries trading and investing more with each other than with countries outside the region suffered the effects of a serious financial crisis. The share of intra-regional trade in total trade for developing Asia grew from 33.5 per cent in 1990 to a record high of 41 per cent in 1997, subsequently declining to 39.3 per cent in 1998 and 37.6 per cent in 1999 owing to the Asian financial crisis.⁴ A similar trend is observed in the Latin America and the Caribbean region. Trade among the countries within the region had increased significantly to 21.5 per cent of total trade in 1998 as compared to 15.1 per cent in 1990 but it dropped to 17 per cent in 1999. Sub-Saharan Africa remains highly dependent on foreign trade and export-led growth, and the region's participation in international trade is seriously affected by various supply-side constraints. Intra-African trade that accounted for only 6.4 per cent of the region's total trade with the world in 1998 rose slightly to 7.3 per cent in 1999. Nevertheless, this trend in intra-regional trade has been undergoing a revival and the share of this trade has more than doubled since 1980, growing at a steady, albeit modest pace of 4 per cent annually.

6. Irregularity in intra-regional trade among developing countries can, to some extent, be attributed to turbulence in the global economy. In Latin America, intra-MERCOSUR trade, as a share of total exports, grew significantly from 20.3 per cent in 1995 to 25.1 per cent in 1998, but dropped to 20.6 per cent in 1999, rising only slightly to 20.8 per cent in 2000. The intra-group trade of the Andean Community had doubled since its creation in 1990, amounting to about 12 per cent in 1998, but it declined to about 9 per cent in 1999 and 2000. In the Caribbean Community (CARICOM), the share of intra-Community trade in total exports expanded to reach 18.6 per cent in 1998 from less than 10 per cent in previous years, subsequently, however, it declined to 16.4 per cent in 1999 and 15 per cent in 2000. In the Asia and the Pacific region, the regionalization of trade is pronounced only with respect to the Association of South-East Asian Nations (ASEAN), where the share of intra-ASEAN trade accounted for a high of 24 per cent in 1997 before experiencing a sharp drop in 1998 to a low of 20.6 per cent. It rose again to reach 21.3 per cent in 1999 and 22.7 per cent in 2000. The other groupings such as the South Asian Association for Regional Cooperation (SAARC), the Gulf Cooperation Council (GCC) and the Bangkok Agreement tended to show limited trade among members, owing in large part to the limited scope of the trade agreements. Intra-regional trade was more important in West Africa and in Southern Africa than in other parts of the region. In West Africa, the intra-group trade for each of two major groupings, the Economic Community of West African States (ECOWAS) and the West Africa Economic and Monetary Union (UEMOA), represented about 12 per cent of the grouping's total trade between 1998 and 2000. In Eastern and Southern Africa and the Indian Ocean, intra-group trade stood at 7.2 per cent for the Common Market for Eastern and Southern Africa (COMESA) in 1998 and at 7.4 per cent in 1999 but dropped to 6.6 per cent in 2000. Intra-group trade in the Southern African Development Community (SADC) was at 10.2 per cent in 1998 and at 9.3 per cent in 1999 but decreased to 8.7 per cent in 2000.

7. In Africa, regional integration efforts have tended to aim at the formation of customs unions and common markets, with the eventual goal of reaching the single

continental common market and economic community as provided in the Abuja Treaty on the African Economic Community. The treaty creating the African Union recently signed and ratified by the Heads of State and Government of the Organization of African Unity (OAU) is superseding the treaty establishing the latter organization. Most of the existing groupings are engaged in major revisions and restructuring of integration schemes. The revised ECOWAS Treaty calls for the establishment of an economic and monetary union by 2005. UEMOA created a customs union in 2000 and aims to form a single common market and monetary and financial zone. In Central Africa, a new group, the Economic Community of Central African States (ECCAS) was created in March 1994 with a view to forming of a common market among its Member States. ECCAS has as its stated objective the creation of a customs union, but its operations have been undermined and disrupted by conflicts within several of its Member States. In Eastern and Southern Africa and the Indian Ocean, COMESA, the largest grouping in the subregion, aims at the formation of a single common market and free trade among its members through an agreement that entered into force in October 2000. Agreement has also been reached on implementing a common external tariff (CET) by the year 2004. Kenya, Uganda and Tanzania had by July 2000 ratified a treaty establishing the East African Community (EAC) that had collapsed back in 1977. The EAC aims, among other things, to bring about policy harmonization on intra-regional trade, investment and the movement of people in the three member countries. SADC Member States adopted a trade protocol in February 2000, after tough negotiations since 1996, which provides for the establishment of a free trade area by 2008. In North Africa, the members of Arab Maghreb Union adopted a trade integration programme aiming at the formation of a customs union. The formation of an Arab Free Trade Area is being discussed under the auspices of the League of Arab States.

8. The focus on free trade agreements is prevalent in Asia and the Pacific. In West Asia, for example, the GCC, on the basis of a Unified Economic Agreement, has abolished tariffs on their intra-GCC trade in agricultural and animal products and natural resources and industrial products. In Central Asia, the Economic Cooperation Organization (ECO) Protocol on Preferential Tariffs launched in 1991 provides for a 10 per cent reduction in tariffs on selected goods. In South Asia, SAARC countries have negotiated the South Asian Free Trade Agreement for several years and have not yet concluded deliberations. ASEAN has accelerated the implementation of its free trade area in goods, aiming at liberalizing 90 per cent of intra-ASEAN trade by 2007. The Bangkok Agreement has been attempting to enhance its liberalization programme by extending its membership to cover a greater number of countries. In the Pacific, the only reciprocal trade agreement among the island countries is operated by the members of the Melanesian Spearhead Group covering trade in a limited number of goods since September 1994 while the Pacific Forum countries have agreed to negotiate and create a Pacific regional trade agreement.

9. In Latin America and the Caribbean, MERCOSUR and the Andean Community have moved rapidly ahead with the implementation of their programmes to liberalize mutual trade and establish custom unions. On 1 January 1995, MERCOSUR countries completely eliminated tariff barriers on intra-trade in most goods and adopted a common external tariff, forming a customs union. The Andean Community also introduced a common external tariff which applied to 95 per cent of items subjected to customs duties and which has five tariff brackets with a ceiling of

20 per cent. The CET is implemented by three members (Colombia, Ecuador and Venezuela); the other two members (Bolivia and Peru) apply their own national tariffs. In Central America, a customs union came into operation between El Salvador, Guatemala, Honduras and Nicaragua (Group of Four) in mid-1993. The CARICOM countries have experienced fast growth in intra-group trade upon the elimination of tariffs and non-tariff barriers to the large part of reciprocal trade (accomplished by mid-1995). In addition, a revised CET is applicable in nearly all CARICOM countries with levels between 5 and 20 per cent for industrial products and 40 per cent for agricultural products. In 1998, the CET rates were further reduced to a maximum of 20 per cent.

10. The revival of regional alliances increased even as the Uruguay Round of Multilateral Trade Negotiations was concluded and continues unabated following the creation of the WTO and the implementation of the Uruguay Round Agreements. All countries today are members of one or more regional trade-cum-economic-integration agreements. It appears that developed and developing countries consider that regional trade agreements (RTAs) are still a means to overcoming barriers to trade beyond what could be achieved at the multilateral level. This is evident in those RTAs that aim at liberalization beyond the multilateral level in sectors such as services in general, telecommunications, air transport, government procurement, harmonization or mutual recognition of standards and, to a lesser extent, in agriculture, textile and clothing — important export sectors for developing countries. Also, today's RTAs have been robust in sustaining the implementation of their intra-regional liberalization programmes. Many of them are also expanding their membership. The widening of regional integration among developing countries, for instance, can be witnessed in the expansion of membership from six to nine countries in ASEAN, from 10 to 14 countries in SADC and from three to 10 countries in ECO.

B. South-South cooperation in investment⁵

11. Progress in regional integration appears to have contributed to growth in foreign direct investment (FDI) inflows, as market-seeking transnational corporations in manufacture and services (as distinct from the extraction of natural resources) tend to locate in those countries that have strong ties with a large regional market for exports. Accordingly, efforts aimed at regional integration to create sizeable markets assume ever greater relevance with respect to policy in increasing the attractiveness of FDI for small developing countries. In 1999, global inflows increased by 27 per cent over those of the previous year to reach \$865 billion, of which \$208 billion, or 24 per cent, were destined to developing countries, representing an increase of 16 per cent from the previous year.⁶ Given the rise in inflows to developed countries, however, the developing-country share continued to decline from 39 per cent recorded in 1997 to 19 per cent in 2000.⁷

12. Developing countries in Asia attract the largest share (\$106 billion, or 51 per cent) of FDI inflows in the South, followed by Latin America and the Caribbean, which registered a record high level of \$90 billion in 1999 (43 per cent). Within those regions, Brazil and China alone account for \$31 billion and \$40 billion, respectively. The African countries' share in FDI inflows to the South remains marginal, accounting only for 5 per cent of the total. Based on outflows from China, Hong Kong SAR,⁸ Malaysia, Pakistan, Philippines, Republic of Korea, Singapore,

Taiwan Province of China and Thailand, an increasing share of the total outward FDI from South, Southeast and East Asia is invested within the same region — 59 per cent in 1987 and 84 per cent in 1997. In the case of Singapore, 95 per cent of outward FDI takes place in South, Southeast and South Asia; for Malaysia, the Republic of Korea and Thailand, the intra-region investment was between 40 and 50 per cent in 1997.

13. FDI among the member countries of ASEAN is significant: 28 per cent of total outflows from Malaysia, 38 per cent from Thailand, and 72 per cent of Singapore's outflows were invested in other ASEAN Member States in 1997. During the period 1992-2000, over 60 per cent of FDI flows into China originated from Hong Kong SAR, Singapore and Taiwan Province of China. Transnational corporations from the Republic of Korea and Taiwan Province of China have considerable outward FDI. The Republic of Korea FDI in developing countries is concentrated mainly in South, East and South-East Asia. More than half of FDI flows into Cambodia, the Lao People's Democratic Republic, Myanmar and Viet Nam are from other developing Asian countries.

14. In the Latin America and the Caribbean region, intra-regional investment accounts for more than 90 per cent of Latin America's inward FDI originating from other developing countries. About half of the FDI outflows from the major Latin American countries — Argentina, Brazil, Chile, Colombia and Venezuela — are directed to other developing countries. With respect to the MERCOSUR countries, two-way flows between Argentina and Brazil have increased since the mid-1990s. Cumulative registered FDI projects between the two countries amounted to \$23 billion in 1997. In Paraguay, over a quarter of the stock of FDI originated from other members of MERCOSUR. Chilean FDI outflows (\$4.9 billion in 1999) are also directed mostly to other Latin American countries, notably Venezuela and Peru. It must be noted, however, that most of this FDI originates from the Chilean affiliates of European or North American companies. In the CARICOM region,⁹ most outflows are to countries of the Organization of Caribbean States. Antigua and Barbuda, Barbados, Guyana, Jamaica, Saint Lucia, Saint Vincent and the Grenadines, and Trinidad and Tobago are the region's main outward investors. Most FDI tends to be in the areas of light manufacturing, retail and banking.¹⁰

15. Interregionally, investment from South, East and Southeast Asia to Latin America and the Caribbean is on the rise. Incentives for export-oriented investment as well as privileged access to the United States market have played a role in attracting Asian investment in garments and other labour-intensive industries in Central American and Caribbean countries. Taiwan Province of China is the largest Asian economy investing in Latin America and the Caribbean, with a large part of its investment going to Panama and the Virgin Islands. Latin America and the Caribbean are slowly emerging as hosts for FDI from the Republic of Korea. Brazilian firms have some investments in Macao SAR and Singapore; otherwise, Latin America and the Caribbean investment in Asia is negligible.

16. FDI flow from developing countries in Asia to Africa is growing although still very small in absolute terms. The Republic of Korea is the largest investor in Africa, while China, India, Malaysia and Taiwan Province of China also have FDI stock in Africa. These investments have, however, been confined to a limited number of countries, such as Egypt, Ghana, Mauritius, Uganda, the Republic of Tanzania, Zimbabwe and South Africa. Telecom Malaysia acquired a 30 per cent stake in

Ghana Telecom. In addition, agreements were signed in 1996 between Malaysian and Ghanaian firms in different industries, including hotels, banking and palm-oil development, all aimed at attracting joint-ventures or foreign investments in wholly foreign-owned projects in Ghana.

17. It seems that market proximity, similarity in products and processes, and business culture affinities are the main factors that cause developing country investors to channel their FDI to other developing countries, and often to neighbouring countries or countries of the same region. However, outflows of direct investment from developing-country firms in one region to other developing countries in other regions is growing as firms seek to internationalize their business in order to increase economies of scale and scope. In this connection, the emergence of small- and medium-sized enterprises as foreign investors is of interest.

C. South-South monetary and financial cooperation

18. Since the emergence of the Asian crisis, interest in South-South monetary and financial cooperation, especially at the regional and subregional levels, has gained new momentum. For example, at the 1997 annual meetings of the International Monetary Fund (IMF) and the World Bank soon after the outbreak of the East Asian crisis, a proposal was made to establish an Asian monetary fund. This subsequently led to the Chiang Mai Initiative on 6 May 2000 to establish a regional financial arrangement to supplement existing international facilities. Similar arrangements are emerging in other parts of the developing world.

19. In the Rand Monetary Area, Lesotho and Swaziland, both closely integrated economically with South Africa, peg their currencies to the South African rand without formally engaging in coordination of monetary policy.

20. The creation of the *Communauté financière africaine* (CFA) dates back to 1948, but the agreements governing the current operation of the CFA zone were signed in 1973. There are two regional groups, each with its own central bank: the West Africa Economic and Monetary Union and the Central African Economic and Monetary Community.¹¹ The 14 participating countries have a common currency, the CFA franc, which is not traded on the foreign exchange markets but is convertible with the French franc at a fixed parity. There is free capital mobility within the CFA zone, and between these countries and France, and the foreign exchange reserves of its members are pooled. It is too early to predict what impact the introduction of the euro and the disappearance of the franc could have on the CFA zone. However, monetary officials have made reassuring statements that the impending changes would not adversely affect CFA arrangements.¹²

21. Monetary and financial cooperation among developing Asian countries was intensified by the 1997 financial crisis. In a joint statement on East Asian cooperation issued at the summit of ASEAN+3 (the 10 members of ASEAN plus China, Japan and the Republic of Korea) in November 1999, an agreement was reached to strengthen policy dialogue, coordination and collaboration on the financial, monetary and fiscal issues of common interest. Against this background, the region's Finance Ministers launched the Chiang Mai Initiative in May 2000, aimed at building networks for multifaceted financial cooperation to match the growing economic interdependence of Asian countries and therefore the greater risk that financial shocks could lead to regional contagion. The Initiative envisages the

use of the ASEAN+3 framework to improve exchanges of information on capital flows and to launch moves towards the establishment of a regional economic and financial monitoring system. The core of the Initiative is a financing arrangement among the 13 countries that would strengthen the mechanism of interregional support against currency runs. This arrangement, building on the previous ASEAN Swap Arrangement, is intended to supplement existing mechanisms for international financial cooperation. It is also expected to contribute to the stability of exchange rates within the region. The previous ASEAN Swap Arrangement, which dates back to 1977, comprised only five countries (Indonesia, Malaysia, the Philippines, Singapore and Thailand). Total funds committed under the arrangement amounted to \$200 million — a negligible amount compared to the combined loss of \$17 billion in foreign exchange reserves between June and August 1997.

22. The new ASEAN Swap Arrangement envisaged under the Chiang Mai Initiative includes Brunei Darussalam and allows for the gradual accession of the four remaining ASEAN countries (Cambodia, Lao People's Democratic Republic, Myanmar and Viet Nam). However, its most important element is the inclusion of bilateral swap and repurchase arrangements between the ASEAN countries and China, Japan, and the Republic of Korea. Funds available under the new ASA total \$1 billion, but the commitments of the three non-ASEAN countries to the bilateral swap arrangements are likely to be substantially greater. They will be determined by the level of their foreign currency reserves and the amounts that were involved in earlier agreements between Japan and the Republic of Korea (\$5 billion) and Japan and Malaysia (\$2.5 billion). The conditions for drawing on the facilities and a number of technicalities remain to be agreed in negotiations among the countries concerned, but it appears that assistance under the bilateral swap arrangements will, in principle, be linked to IMF support.

23. In the case of Latin America, interest has also been expressed in establishing regional currencies as opposed to dollarization. The Andean Reserve Fund was established in 1976 by the members of the Andean Community (Bolivia, Colombia, Ecuador, Peru and Venezuela) and has a subscribed capital of \$2 billion. The Fund provides financial support to its members in the form of loans or guarantees for balance-of-payments support, short-term liquidity emergency loans, loans to support public external-debt restructuring and export credits. The conditionality for drawing on these facilities is softer than that of IMF. The Fund also aims at contributing to the harmonization of the exchange rate, monetary and financial policies of member countries. Thus it is intended to promote economic and financial stability in the region and to further the integration process in Latin America.¹³

24. The Eastern Caribbean Currency Union is an arrangement for a common currency among the members of the Organization of Eastern Caribbean States.¹⁴ The currency is pegged to the dollar, but in contrast to France with respect to the CFA, the United States does not play an active role in the pegging arrangement.

25. The Arab Monetary Fund, established in 1976 with a structure similar to that of IMF, comprises all members of the League of Arab States except the Comoros. It has a subscribed capital of 326,500 Arab accounting dinars, equivalent to about \$1.3 billion. The Fund aims to promote exchange-rate stability among Arab currencies and render them mutually convertible, and provides financial support for members that encounter balance-of-payments problems. It is also intended to serve as an instrument to enhance cooperation on monetary policy among members, to

coordinate their policies in dealing with international financial and economic problems and to promote the establishment of a common currency.

III. Evolving trends and issues of South-South cooperation

26. South-South cooperation is gaining importance in accelerating the pace of development by promoting the participation of developing countries in the international economic system. It diversifies and expands development partnerships and economic links and generates new momentum towards more equitable forms of global interdependence. This section reviews some of the more significant trends and issues in South-South cooperation.

A. Consolidating South-South cooperation platforms

27. Developing countries have put forward numerous policy decisions, declarations and plans of action covering a variety of specific domains of South-South cooperation. The first effort by the member countries of the Group of 77 to bring economic cooperation among developing countries into a single intergovernmental framework dates back to 1981 when they adopted the Caracas Programme of Action on economic cooperation among developing countries. This effort was intensified when they met in San José, Costa Rica in 1997 and adopted the San José Plan of Action,¹⁵ which gave priority to the expansion of South-South trade, investment, and monetary and financial cooperation among its member countries and with other developing countries. To deepen South-South cooperation further, they met again in Bali, Indonesia in 1998, where they adopted the Bali Declaration on Regional and Subregional Economic Cooperation of the Developing Countries,¹⁶ underscoring the critical role regional and subregional economic groupings could play in deepening South-South economic cooperation. The first Group of 77 South Summit, held in Havana, Cuba in April 2000, represents a new milestone in the South's collective effort to put South-South cooperation in the new global context. The Programme of Action¹⁷ adopted by the Summit accorded South-South cooperation high priority in order for the South to meet new development challenges, both collectively and individually, and at the national, regional and global levels.

28. While the basic principles and objectives embodied in these documents remain valid, a realistic, objective assessment of these frameworks and the status of their implementation calls for their consolidation into an updated platform. In this regard, it is noteworthy that the Tehran Consensus adopted by the Group of 77 and China in the Tenth Meeting of the Intergovernmental Follow-up and Coordination Committee on Economic Cooperation among Developing Countries held from 18 to 22 August 2001 in Tehran, Islamic Republic of Iran, resolved to move forcefully and urgently towards five strategic objectives: (a) consolidating the South-South platform; (b) building stronger Southern institutions at the global level; (c) bridging the knowledge and information gap; (d) building broad-based partnerships; and (e) mobilizing global support for advancing South-South cooperation.¹⁸ For effective and meaningful support, the Tehran Consensus urged the international community, including the United Nations system and other major international institutions as well as the donor community, to re-examine their development cooperation policies

and practices and to provide vigorous catalytic support, including the requisite financial resources, to all forms of South-South cooperation. It also proposed launching an International Decade on South-South Cooperation and a United Nations Day for South-South Cooperation.

B. Diversifying regional and subregional arrangements

29. Regional economic groups formed earlier are now being energized and new groups with diverse objectives such as free trade, investment cooperation, transport integration, harmonized social action or integrated resource use are being formed. The World Bank estimated that the number of such cooperation arrangements had increased dramatically from 39 in 1970 to 82 by 1997.¹⁹ One third of global trade today is taking place among regional trade groups. The United Nations regional commissions in the regions of Africa, Asia and the Pacific, Europe, Latin America and the Caribbean and Western Asia are experiencing a renewed emphasis on arrangements for regional cooperation.

30. In Latin America and the Caribbean, for example, MERCOSUR and the Andean Community are moving towards the formation of a combined free trade area. The GCC in the Western Asia region is considering forming a monetary union. As noted earlier, membership in ASEAN and in SADC has increased and COMESA has a large membership of 20. The ECO in Central Asia and Europe is trying to develop into a multi-purpose cooperation group dealing with trade, transport, environment, drug control, population planning and science and technology. The initiatives already launched for environmental security in the Caspian and the Aral Seas are certain to have a positive influence on the cooperation activities of this Organization. Recently the 53 member States of the OAU took Africa's integration a step further by agreeing to replace the OAU with the African Union, modelled after the European Union.

31. The formation of growth triangles or cooperative subregions is continuing vigorously. For example, China, Mongolia and the Russian Federation are cooperating in a Euro-Asia Continental Land Bridge Programme focused on trade growth and transport integration. The Malawi-Zambia-Mozambique growth triangle is engaged in the exploitation of regional-factor endowments for the promotion of trade and investment. Activities of the Black Sea Economic Cooperation group of 11 members picked up speed with the signing of the Treaty in 1998. In 1999, countries of the Economic and Social Commission of Western Asia region started the integrated transport system in the Arab Mashreq, focusing not only on transport networking but also on a uniform information system and common policy framework for transport management and development. The Eurasian Economic Community (Belarus, Kazakhstan, Kyrgyzstan, the Russian Federation and Tajikistan) came into existence only in October 2000 following negotiations initiated in 1994. It goes far beyond free trade and a customs union and seeks harmonization in many social activities and legislation.

32. Preferential trade agreements have also increased in number and significance. The United Nations Department of Economic and Social Affairs estimates that, in 2000 alone, 20 new agreements were added to the 214 agreements already in existence.²⁰ Three fourths of global trade is now governed by such agreements. The most notable among the new agreements is the United States Trade and

Development Act of 2000, which grants concessional terms to imports from 48 African and 25 Caribbean countries. Another significant development is the conclusion, in 2000, of the Cotonou Convention as successor to the earlier Lomé Convention between the European Union and 71 African, Caribbean and Pacific (ACP) States. The free trade agreement between Chile and Mexico concluded in 1999 and the free trade agreement between Jordan and the United States concluded in 2000 are important landmarks in the globalization process.

33. Regional groups are diversifying their activities. For example, SADC is moving well beyond economic cooperation, working on the elimination of the production and importation of small arms and light weapons on the one hand and on the harmonization of the census operations of the region on the other. Regional cooperation is, in fact, helping the member countries in a variety of ways. MERCOSUR claims that its commodity market, in the wake of the East Asian crisis, could withstand a decline with a vibrant intra-regional market in manufactures. It also suggests that the increase in the flow of FDI has been spurred by the integration efforts. The Andean Community believes that by bringing about uniform reforms in intellectual property rights, it is preparing the ground for meeting multilateral obligations in the near future.

34. Traditionally, regional agreements have focused on trade, but recently, there has been an increase in treaties and agreements that encompass investment measures and that also cover competition policy and trade in services. The latter is observed, for instance, in the ASEAN Free Trade Agreement, MERCOSUR and SADC. Moreover, bilateral investment treaties are becoming more frequent. At the end of 2000, more than 500 such treaties between developing countries had been concluded, according to the United Nations Conference on Trade and Development (UNCTAD). Agreements among developing countries, combining trade and investment modalities, can have a mutually reinforcing effect by inducing trade-related investment and generating additional trade flows.

35. Another significant feature in today's regional integration efforts is the orientation towards geographically and economically greater regional cooperation schemes, often involving one or more developed countries and formed on an interregional or continental scale. New intercontinental integration projects that involve developing countries and that could have potentially significant impact on global trade and investment have been created and expanded. These include existing arrangements such as the North American Free Trade Agreement and Asia Pacific Economic Cooperation, and agreements between the European Union and countries of Central and Eastern Europe, between the European Union and Mediterranean countries, and between the European Union and South Africa. They also include agreements that provide for the formation of mixed regional trade agreements, such as the planned ACP-European Union economic partnership agreements under the Cotonou Partnership Agreement, and the plan within the African Growth and Opportunity Act for the United States to conclude free trade agreements with eligible sub-Saharan countries.

36. The issue of the level of economic development of the countries involved often predominates, arising from the fact that any regional integration arrangement will include members at different levels of development, with some being more economically advanced and industrialized than others. While this variation in level of development provides a rationale for regional integration in that the advanced

economies can serve as the engine of growth for the region, the capacity of small member economies to access the markets of the bigger member economies and also benefit from their membership needs to be addressed. Concerns about economic imbalances between countries can be manifested in trade imbalances and can destabilize the integration process and lead to disputes over access to the markets of larger economies.

37. Some useful lessons could be drawn from recent regional integration efforts where the concerns of the smaller and economically weaker members have been addressed. Such negotiations have been prevalent, for example, in the case of the countries of Botswana, Lesotho, Namibia and Swaziland vis-à-vis South Africa in Southern African Customs Union re-negotiations; the small Caribbean economies vis-à-vis other larger countries in the Free Trade Area of the Americas process; and New Zealand vis-à-vis Australia in the Australia-New Zealand Closer Economic Relations Trade Agreement.

C. Pooling capacities and partnering for strategic initiatives

38. While bilateral cooperation, especially in regard to technical cooperation, remains a prevalent form of South-South cooperation, conscious efforts are being made by developing countries to pool their resources and capacities — institutional, intellectual, technical and financial — to address issues of common concern or specific development problems that affect a large number of people and countries. In many instances, such efforts by the South received enthusiastic support from donor countries and Northern institutions.

39. One such effort relates to the pooling of Southern research and analytical capacities. The South Centre, an intergovernmental entity, and the Third World Network, for example, have been actively involved in research and analysis on the implications of globalization and the work of WTO from the perspective of the developing countries. Some of these activities received support from United Nations organizations such as the United Nations Development Programme and UNCTAD. Financial and/or substantive support has also been provided by the Department for International Development of the United Kingdom, the Institute for Agriculture and Trade Policy of the United States, the Rockefeller Foundation and the Swedish International Development Cooperation Agency.

40. Another such effort was made by a group of developing countries through the Partners in Population and Development programme supported by the United Nations Population Fund. With its secretariat in Dhaka, the partnership now covers 18 countries accounting for half the population of the world. The programme started by using the resources of five centres of excellence located in China, Indonesia, Mexico, Thailand and Tunisia. Now its fellowship programme focused on promoting reproductive health is conducted in 51 institutions in 16 countries. This is entirely a South-South initiative, which is funded largely by the members, supplemented by financial assistance from development partners and donations raised from the private sector.

41. A third example involves the pooling of the scientific, research and development capacities in the South and the North to develop and produce high-yielding upland rice varieties referred to as "new rice for Africa" or NERICA. In addition to its higher yields, NERICA varieties mature 30 to 50 days earlier, are

substantially richer in protein and far more resistant to disease, drought, insect pests and can out compete weeds. The initiative involved a network of 17 national institutions under the aegis of the West Africa Rice Development Association (WARDA). An important factor contributing to the success in this initiative was the fact that it took advantage of the best knowledge and expertise in similar research activities undertaken in other developing countries such as China, Colombia, Nigeria and the Philippines, with the financial and technical support of Northern institutions in France, Japan and the United States. What is significant in this case is the way in which the centres of excellence in the South pooled their scientific, research and development capacities to address a particular development problem.

42. Successful South-South partnering is also exemplified by the Africa-Asia Business Forum, launched by United Nations Development Programme and funded primarily by the Government of Japan as a follow-up to the second Tokyo International Conference on African Development. The initiative aimed to advance trade and investment cooperation between African and Asian firms. The first Forum, which took place in Kuala Lumpur in October 1999, was attended by 230 private companies from 25 African and six Asian countries and resulted in deals worth approximately \$25 million. The second Forum, which took place in Durban, South Africa, in July 2001, was attended by representatives of 168 firms from 16 African and six Asian countries. A total of 104 memoranda of understanding were concluded on site, 22 of which were intra-African deals. The value of 24 deals made at the Forum amounted to \$120 million. The initiative has not only generated concrete business and investment deals among the participating countries and firms but it has also helped to develop an effective mechanism for strengthened collaboration between the public and private sectors in creating new job opportunities that would contribute to poverty alleviation.

43. These experiences suggest that South-South initiatives that are anchored in established Southern institutions or centres of excellence and that aim to address issues of common concern or major development challenges are likely to attract broad-based support, including that of donor countries and institutions in the North.

IV. Concluding remarks

44. In a world of global financial instability, any regional arrangement designed to achieve exchange-rate stability in order to prevent crises, and manage crises better if they occur, should also incorporate a number of other mechanisms, with the aim of ensuring enhanced regional surveillance, information-sharing and early warning. Domestic reforms would still be needed in many of the areas discussed in the previous chapter in order to provide a sound basis for regional cooperation. Just as domestic policy actions without appropriate global arrangements would not be sufficient to ensure greater financial stability, regional arrangements could fail in the absence of sound domestic institutions and policies.

45. While countries of the South have, over the past two decades, resolved to work together to advance economic and technical cooperation among themselves at many intergovernmental forums and through the adoption of various declarations and action programmes, such as the Buenos Aires Plan of Action on Technical Cooperation among Developing Countries, the San José Declaration and Plan of Action adopted by the South-South Conference on Trade, Investment and Finance, and the Havana Programme of Action adopted by the South Summit, a more

systematic and objective assessment of these frameworks and relevant regional and subregional cooperation arrangements and their implementation is needed.

46. In this regard, the Teheran Consensus is particularly relevant in calling for intensified global support for South-South cooperation. It is incumbent upon the international community, including the United Nations system, other major international institutions and the donor community, to re-examine their development cooperation policies and practices in order to provide the necessary catalytic support, including requisite financial resources, to all forms of South-South cooperation.

Notes

- ¹ UNCTAD, *Handbook of Statistics 2000* (CD-ROM version: E/F.00.II.D.1).
- ² WTO, *Annual Report 2001*.
- ³ UNCTAD, *Handbook on Statistics 2000*.
- ⁴ UNCTAD, *Trade and Development Report 2000* (Sales No. E.00.II.D.19).
- ⁵ Unless otherwise stated, the following is based on UNCTAD, 2000, UNCTAD, 1999, and UNCTAD, 1998.
- ⁶ UNCTAD, *World Investment Report 2000* (Sales No. E.00.II.D.20).
- ⁷ UNCTAD *World Investment Report 2001*, p. 291.
- ⁸ On 1 July 1997, Hong Kong became a Special Administrative Region of China.
- ⁹ The Caribbean Community (CARICOM) comprises Antigua and Barbuda, Barbados, the Bahamas, Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, and Trinidad and Tobago.
- ¹⁰ CARICOM Secretariat 2000, pp. 231 ff.
- ¹¹ The West Africa Economic and Monetary Union comprises Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo; the Central African Economic and Monetary Community comprises Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea and Gabon. The two groups maintain separate currencies, but since both have the same parity with the French franc, they are subject to the same regulatory framework. Also, because there is free capital mobility between each of the two regions, the CFA franc zone can be considered as a single currency area. The Comoros has a similar arrangement but maintains its own central bank.
- ¹² Interview with the governor of the West African Central Bank, Radio France International, 22 September 2001.
- ¹³ For more detailed information, see FLAR (2000).
- ¹⁴ The Member States are Antigua and Barbuda, Dominica, Grenada, Montserrat, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines. Anguilla and the British Virgin Islands are associate members.
- ¹⁵ A/C.2/52/8, annex.
- ¹⁶ A/53/739, annexes I and II.
- ¹⁷ Havana Programme of Action adopted by the South Summit of the Group of 77, April 2000.
- ¹⁸ The Intergovernmental Follow-up and the Coordination Committee on Economic Cooperation among Developing Countries (ECDC) is a mechanism established by the Group of 77 to oversee implementation of the Caracas Plan of Action on ECDC.
- ¹⁹ World Bank, *World Development Report 1999*.
- ²⁰ United Nations, *World Economic Situation and Prospects 2001*.



General Assembly

Distr.: General
11 October 2001

Original: English

Fifty-sixth session

Agenda item 166

Measures to eliminate international terrorism

Letter dated 10 October 2001 from the Permanent Representative of Bulgaria to the United Nations addressed to the President of the General Assembly

I have the honour to transmit attached herewith the Declaration of Solidarity adopted by the Heads of State of Albania, Bulgaria, Croatia, Estonia, Latvia, Lithuania, Romania, the Slovak Republic, Slovenia and the former Yugoslav Republic of Macedonia during the Summit Meeting of the North Atlantic Treaty Organization candidate countries, which was held on 5 October 2001 in Sofia.

I would be grateful if you would have the text of the present letter and its annex circulated as a document of the fifty-sixth session of the General Assembly under agenda item 166.

(Signed) **Stefan Tafrov**
Ambassador
Permanent Representative



Annex to the letter dated 10 October 2001 from the Permanent Representative of Bulgaria to the United Nations addressed to the President of the General Assembly

Declaration of solidarity by the Heads of State participating in the Sofia Summit Meeting issued on 5 October 2001

We, the Heads of State of 10 European democracies, have gathered today in Sofia to rededicate ourselves to the creation of a Europe whole and free in alliance with the United States of America and Canada. Our aspiration to become members of the North Atlantic Treaty Organization (NATO) and the European Union reflects our commitment to the common values of the Euro-Atlantic community embodied by NATO.

The terrorist attacks on 11 September 2001, in New York and Washington, D.C., represent a threat to the whole world. We extend to the President of the United States and to the American people the deepest sympathy of our Governments and of our nations. For 50 years, Europeans have viewed the Atlantic Alliance as the expression of an American commitment to European security. It is now time for us to demonstrate that we also view the Alliance as a European commitment to America's security.

We consider these attacks to be an attack on all of us. As future members of the Atlantic Alliance, we reaffirm our commitment to conduct our foreign and security policies in accordance with the implications of the Washington Treaty, including commitments stemming from article 5. Our Governments will fully support the war against terrorism. Our policies and actions will be guided by the principles and solidarity shared by the United States and the Allies.

The lesson we draw from the terrorist attacks in the United States is that the security of America and Europe is more intertwined than ever before and that the Atlantic Alliance and its enlargement are more important than ever. We believe that the events of recent weeks must lead to even closer cooperation between the United States and Europe. The Euro-Atlantic community must be the bedrock of a broader worldwide coalition to fight terrorism. The key pillars of that community, the European Union and NATO, each have a critical role to play in the fight against terrorism, and we pledge the closest possible cooperation with both of them.

When NATO was founded more than 50 years ago, the Allies set as their ultimate political purpose the creation of a just and lasting peace in Europe. The Alliance emerged from the Cold War as one of the most effective tools for bringing security and stability to the continent. NATO enlargement is a strategic imperative for overall Euro-Atlantic security. However this is not just because of strategic benefits and enhanced military capabilities. The process has first and foremost profound moral, political and economic implications. It will continue to be instrumental in overcoming the legacies and injustices of the past, strengthening the new democracies and strongly encouraging their societies. The European Union also faces the challenges of enlargement, along with the implementation of far-reaching institutional reforms. We regard the processes of enlargement of NATO and the European Union as mutually reinforcing, leading to strengthened security, stability and prosperity in the Euro-Atlantic area as a whole.

Our countries are determined to seize the historic opportunity we have to complete the building of a Europe whole and free that locks in democracy, prosperity and security in our part of Europe. We are confident that this determination is shared by the NATO Allies and the members of the European Union. The new democracies of Europe can help counter terrorist and criminal threats to the community of the West and to build a more secure Euro-Atlantic region. The fundamental challenge is not drawing new borders, but in building civic societies founded on solid democratic foundations and integrated in Euro-Atlantic institutions. We are resolved that our contributions to the defence of the values we share with our Euro-American family will be significant and enduring.

We share in the vision outlined by President George W. Bush in June at Warsaw University and look forward to the historic decisions to be taken at the Prague Summit in 2002. We remain firmly convinced that countries from Europe's north, centre and south should be included in the next phase of the enlargement process. Finally, we pledge to do our part in the preparation for this rendezvous with history by ensuring that all of Europe's democracies, from the Baltic to the Black Sea, are willing and able to share the responsibilities of the Washington Treaty.



General Assembly

Distr.: General
18 October 2001

Original: English

Fifty-sixth session

Agenda item 166

Measures to eliminate international terrorism

Letter dated 10 October 2001 from the Permanent Representative of Bulgaria to the United Nations addressed to the President of the General Assembly

I have the honour to transmit attached herewith the Declaration of Solidarity adopted by the Heads of State of Albania, Bulgaria, Croatia, Estonia, Latvia, Lithuania, Macedonia, Romania, the Slovak Republic and Slovenia during the Summit Meeting of the North Atlantic Treaty Organization candidate countries, which was held on 5 October 2001 in Sofia.

I would be grateful if you would have the text of the present letter and its annex circulated as a document of the fifty-sixth session of the General Assembly under agenda item 166.

(Signed) Stefan Tafrov
Ambassador
Permanent Representative

* Reissued for technical reasons.



Annex to the letter dated 10 October 2001 from the Permanent Representative of Bulgaria to the United Nations addressed to the President of the General Assembly

Declaration of solidarity by the Heads of State participating in the Sofia Summit Meeting issued on 5 October 2001

We, the Heads of State of 10 European democracies, have gathered today in Sofia to rededicate ourselves to the creation of a Europe whole and free in alliance with the United States of America and Canada. Our aspiration to become members of the North Atlantic Treaty Organization (NATO) and the European Union reflects our commitment to the common values of the Euro-Atlantic community embodied by NATO.

The terrorist attacks on 11 September 2001, in New York and Washington, D.C., represent a threat to the whole world. We extend to the President of the United States and to the American people the deepest sympathy of our Governments and of our nations. For 50 years, Europeans have viewed the Atlantic Alliance as the expression of an American commitment to European security. It is now time for us to demonstrate that we also view the Alliance as a European commitment to America's security.

We consider these attacks to be an attack on all of us. As future members of the Atlantic Alliance, we reaffirm our commitment to conduct our foreign and security policies in accordance with the implications of the Washington Treaty, including commitments stemming from article 5. Our Governments will fully support the war against terrorism. Our policies and actions will be guided by the principles and solidarity shared by the United States and the Allies.

The lesson we draw from the terrorist attacks in the United States is that the security of America and Europe is more intertwined than ever before and that the Atlantic Alliance and its enlargement are more important than ever. We believe that the events of recent weeks must lead to even closer cooperation between the United States and Europe. The Euro-Atlantic community must be the bedrock of a broader worldwide coalition to fight terrorism. The key pillars of that community, the European Union and NATO, each have a critical role to play in the fight against terrorism, and we pledge the closest possible cooperation with both of them.

When NATO was founded more than 50 years ago, the Allies set as their ultimate political purpose the creation of a just and lasting peace in Europe. The Alliance emerged from the Cold War as one of the most effective tools for bringing security and stability to the continent. NATO enlargement is a strategic imperative for overall Euro-Atlantic security. However this is not just because of strategic benefits and enhanced military capabilities. The process has first and foremost profound moral, political and economic implications. It will continue to be instrumental in overcoming the legacies and injustices of the past, strengthening the new democracies and strongly encouraging their societies. The European Union also faces the challenges of enlargement, along with the implementation of far-reaching institutional reforms. We regard the processes of enlargement of NATO and the European Union as mutually reinforcing, leading to strengthened security, stability and prosperity in the Euro-Atlantic area as a whole.

Our countries are determined to seize the historic opportunity we have to complete the building of a Europe whole and free that locks in democracy, prosperity and security in our part of Europe. We are confident that this determination is shared by the NATO Allies and the members of the European Union. The new democracies of Europe can help counter terrorist and criminal threats to the community of the West and to build a more secure Euro-Atlantic region. The fundamental challenge is not drawing new borders, but in building civic societies founded on solid democratic foundations and integrated in Euro-Atlantic institutions. We are resolved that our contributions to the defence of the values we share with our Euro-American family will be significant and enduring.

We share in the vision outlined by President George W. Bush in June at Warsaw University and look forward to the historic decisions to be taken at the Prague Summit in 2002. We remain firmly convinced that countries from Europe's north, centre and south should be included in the next phase of the enlargement process. Finally, we pledge to do our part in the preparation for this rendezvous with history by ensuring that all of Europe's democracies, from the Baltic to the Black Sea, are willing and able to share the responsibilities of the Washington Treaty.



General Assembly

Distr.: General
12 October 2001

Original: English

Fifty-sixth session

Agenda item 15 (b)

**Elections to fill vacancies in principal organs: election of
eighteen members of the Economic and Social Council**

**Letter dated 11 October 2001 from the Permanent Representative
of Portugal to the United Nations addressed to the President of the
General Assembly**

I have the honour to announce to you that Portugal would like to relinquish its seat on the Economic and Social Council for the year 2002 in favour of Spain.

I would be grateful if you would have the present letter circulated as a document of the fifty-sixth session of the General Assembly, under agenda item 15 (b).

(Signed) **Francisco Seizas da Costa**
Ambassador, Permanent Representative
of Portugal to the United Nations



**General Assembly**

Distr.: General
11 October 2001
English
Original: Arabic

Fifty-sixth session

Agenda items 110, 111 and 166

Crime prevention and criminal justice**International drug control****Measures to eliminate international terrorism**

**Letter dated 11 October 2001 from the Permanent Representative
of the United Arab Emirates to the United Nations addressed to
the Secretary-General**

On instructions from my Government, I have the honour to inform you that, at its meeting held on 8 October 2001, the Council of Ministers of the United Arab Emirates approved a draft law, known as the Money-Laundering Law, concerning the proceeds of illegal activities. The law comprises 25 articles that contain various provisions relating to money-laundering offences, and it designates the authorities entrusted with the application of these provisions.

The position taken by the Council of Ministers is to be seen in the context of the efforts of the United Arab Emirates to combat terrorism and money-laundering activities and to enhance its contribution to efforts for regional and international cooperation to combat terrorism in all its forms and manifestations.

I transmit to you herewith a copy of a report published by the Emirates News Agency (WAM) giving a brief overview of the aforesaid Money-Laundering Law, and I should be grateful if you would have this letter and its annex circulated as a document of the General Assembly under agenda items 110, 111 and 116.

(Signed) Abdulaziz Bin Nasser **Al-Shamsi**
Ambassador
Permanent Representative



Annex to the letter dated 11 October 2001 from the Permanent Representative of the United Arab Emirates to the United Nations addressed to the Secretary-General

Money-Laundering Law

In the context of the international efforts being made to combat terrorism in all its forms and manifestations and in light of the fact that countries that function as financial and banking centres have enacted laws on the laundering of the proceeds of illegal activities, the United Arab Emirates, after protracted study, has elaborated a draft law on money laundering that was approved by the Council of Ministers at its meeting held yesterday. The draft law defines money laundering as any act involving the transfer, conversion or deposit of illegal assets or the concealment or misrepresentation of the true nature of such assets. The law comprises 25 articles that include various provisions relating to money-laundering offences and to the authorities entrusted with the application of those provisions. In defining the offence of money laundering, article 2 of the draft law provides that, where a person intentionally commits certain acts in respect of assets derived from any crime he shall be considered a perpetrator of a money-laundering offence. Such offences include: the conversion, transfer or deposit of the proceeds for the purpose of concealing their illegal origin; the concealment or misrepresentation of the true nature, source, location, disposition, movement, rights with respect to or ownership of such proceeds; and the acquisition, possession or use of such proceeds.

For the purposes of the law, the assets targeted are those derived from: narcotics and psychotropic substances; kidnapping, piracy and terrorism; offences committed in violation of the environment law; illicit trafficking in firearms and ammunition; bribery, embezzlement and damage to public property; fraud, breach of trust and related offences; and any other relevant offences stipulated in the international conventions to which the United Arab Emirates is a party. Article 3 of the draft law provides that, without prejudice to the administrative penalties stipulated in the law, a financial institution or other financial, commercial and economic establishment operating in the country shall be criminally liable for a money-laundering offence if it is committed in its name or for its account. Article 4 allows the Central Bank to freeze suspect assets held by financial institutions for a period of not more than seven days, and it gives the Office of the Public Prosecutor the right to seize suspect property, proceeds or instrumentalities in accordance with its established procedures. The competent court may order provisional attachment for undetermined periods of assets, proceeds or instrumentalities, if such assets, proceeds or instrumentalities have resulted from or were associated with a money-laundering offence.

Article 5 states that the Public Prosecutor shall have exclusive authority to take criminal action against a perpetrator of any of the offences stipulated in the law and that orders for the seizure or provisional attachment of assets held by financial institutions shall be executed only through the Central Bank. The Central Bank shall set a ceiling for the amount that may be brought into the country in cash without declaration, and any amount in excess thereof shall be subject to the declaration regime to be established by it. Article 7 provides for the establishment by the Central Bank of a Financial Information Unit to deal with money laundering and suspicious cases and to receive reports of suspicious transactions from all financial

institutions and other relevant financial, commercial, and economic establishments. The [National Anti-Money-Laundering] Committee shall determine the format for reporting suspicious transactions and the means by which reports will be communicated to the Financial Information Unit. The Unit shall place the information available to it at the disposal of law enforcement agencies in order to facilitate their investigations. The Unit may exchange information on reports of suspicious transactions with its counterparts in other countries in accordance with the international conventions to which the State is party or on a basis of reciprocity.

Article 8 entrusts the Unit established by the Central Bank with the task of considering the cases reported to it and notifying the Public Prosecutor so that the necessary measures may be taken. Where money-laundering cases are directly reported to the Office of the Public Prosecutor, the latter shall take the necessary measures following consultations with the Unit on the substance of the report. Article 9 of the draft law provides for the establishment of a National Anti-Money-Laundering Committee under the chairmanship of the Governor of the Central Bank and consisting of a representative or representatives of: the Central Bank; the Ministry of the Interior; the Ministry of Justice, Islamic Affairs and Religious Endowments; the Ministry of Finance and Industry; the Ministry of Economy and Commerce; the agencies that issue trade and industrial licences; and the United Arab Emirates Customs Council. Article 10 provides that the terms of reference of the Committee are: to propose rules and procedures to counter money laundering in the United Arab Emirates; to facilitate the exchange of information and coordinate action among the agencies represented; to represent the State in the international forums on money laundering; to propose rules of procedure for the functioning of the Committee; and any other matters referred to it by other authorities.

Article 15 of the draft law states that chairmen, directors, managers and employees of financial institutions or other financial, commercial and economic establishments who know about but fail to inform the Unit of any act committed at their institution that is connected with money laundering shall be punished by imprisonment or a fine of not more than 100,000 United Arab Emirates dirhams, or both. Article 16 provides that whoever informs any person that his transactions are being scrutinized for possible involvement in suspicious operations, or that the security authorities or other competent authorities are investigating his possible involvement in suspicious operations, shall be punished by imprisonment for a term of not more than one year or a fine of not more than 50,000 dirhams, or both. The false-notification penalty is inflicted on whoever notifies the competent authorities in bad faith of the commission of a money-laundering offence with intent to cause damage to another person. Whoever violates the provisions of article 6 of the law shall be punished by a fine of not less than 2,000 dirhams and not more than 10,000 dirhams. The sums that are the subject of the violation shall be attached and, unless proven to be associated with another offence, shall be released by order of the Office of the Public Prosecutor. Whoever violates any of the other provisions of the law or the regulations and decisions issued in implementation thereof shall be punished by a fine of not less than 100,000 dirhams.

Article 20 of the draft law provides that financial institutions and other financial, commercial and economic establishments, as well as their directors, employees and legally authorized representatives, shall be immune from any criminal, civil or administrative liability that may result from their providing the required information or from the breach of any restriction imposed to safeguard the

confidentiality of information under a legislative, contractual, regulatory or administrative provision, unless such a notification is proved to have been given in bad faith and for the purpose of harming the person who made the transaction in question. Article 21 allows the competent judicial authority, at the request of a judicial authority in a country with which the United Arab Emirates is linked by an approved treaty, and provided that the act in question is established as a criminal offence in the United Arab Emirates, or on condition of reciprocity, to order the tracing, freezing or provisional attachment of assets or proceeds derived from or of instrumentalities used in a money-laundering offence. Article 22 allows the recognition of any ruling or judicial order providing for the confiscation of property, proceeds or instrumentalities relating to money-laundering offences that is issued by a court or competent judicial authority in a country with which the United Arab Emirates is linked by an approved treaty. Article 23 of the draft law states that the Council of Ministers, on the basis of the Committee's proposal and the Minister's presentation, shall issue the implementing regulations required by the provisions of the law. Article 24 states that any provision that is contrary to or contravenes the provisions of the law shall be repealed. The procedures required for the promulgation of the law will be completed, and it will take effect on the date it is published in the *Official Gazette*.



General Assembly

Distr.: General
15 October 2001

Original: English

Fifty-sixth session

Agenda item 123

Proposed programme budget for the biennium 2002-2003

Interorganizational security measures: implementation of section II of General Assembly resolution 55/238 of 23 December 2000 entitled "Safety and security of United Nations personnel"

Revised estimates under section 30, Special expenses, of the proposed programme budget for the biennium 2002-2003

Report of the Secretary-General*

Summary

The General Assembly, in section II of its resolution 55/238 of 23 December 2000, requested the Secretary-General to develop, in coordination with executive heads of the United Nations specialized agencies, funds and programmes, an effective mechanism for cost-sharing arrangements for the United Nations security management system and to submit proposals thereon to the Assembly at its fifty-sixth session through the Advisory Committee on Administrative and Budgetary Questions.

The present report outlines the evolution of the current security management system and presents comprehensive proposals for strengthening the Office of the United Nations Security Coordinator at Headquarters and the security arrangements in the field to improve safety and security of United Nations personnel operating in the field.

* The preparation of the present report was delayed to allow for the completion of inter-agency consultations on this issue.



The report also outlines the modalities for cost-sharing of the overall resource requirements between the agencies, funds and programmes agreed upon by the organizations of the United Nations system. The United Nations would be responsible for the costs associated with the main Headquarters functions of the United Nations Security Coordinator, while the activities in the field, including their direct operational support from Headquarters, would be apportioned among all United Nations organizations participating in the safety and security system.

This report presents comprehensive proposals to strengthen the current security management system, including additional resource requirements over and above those submitted to the General Assembly in the proposed programme budget for the biennium 2002-2003. The total requirements for the biennium 2002-2003 have been estimated at \$53,366,400 (at current rates). The United Nations share under the regular budget out of the total requirements of the Office would amount to \$10,421,200 (at current rates), representing an increase of \$7,996,400 against the estimates proposed for interorganizational security measures under section 30, Special expenses, of the proposed programme budget for the biennium 2002-2003 (A/56/6 (sect. 30)). These additional requirements would be subject to the criteria governing the operation and use of the contingency fund.

I. Background

1. The present report is submitted pursuant to section II of General Assembly resolution 55/238 of 23 December 2000, wherein the Assembly, *inter alia*, requested the Secretary-General to develop, in coordination with executive heads of the United Nations specialized agencies, funds and programmes, an effective mechanism for cost-sharing arrangements for the proposals set forth in the report of the Secretary-General to the fifty-fifth session of the Assembly on safety and security of United Nations personnel (A/55/494). The present report should be read in conjunction with section 30, Special expenses, of the proposed programme budget for the biennium 2002-2003 (A/56/6 (sect. 30)), and the above-mentioned earlier report on safety and security of United Nations personnel.

2. It is recalled that, in its resolution 54/192 of 17 December 1999, the General Assembly recognized the need to strengthen the Office of the United Nations Security Coordinator and the need for a full-time Security Coordinator to enhance the capacity of the Office in the discharge of its duties. In response to that resolution, the Secretary-General proposed the establishment, under the regular budget, of a full-time post of United Nations Security Coordinator at the Assistant Secretary-General level to provide the essential focus and leadership for the security and safety operation for United Nations system personnel in the field (A/C.5/54/56). The proposal reflected the need to respond expeditiously and effectively to the increasingly volatile security situation on the ground and to improve the coordination of the United Nations system's security-related efforts in the field, as well as the need to interact directly with local authorities and executive heads of specialized agencies, funds and programmes on sensitive and urgent security issues. Subsequently, pursuant to Assembly resolutions 54/192 of 17 December 1999 and 54/249 of 23 December 1999, the Secretary-General submitted a report (A/55/494) in which he outlined a comprehensive programme for enhancing the safety and security of United Nations personnel. In that report, proposals were submitted on strengthening the operations of the Office on an interim basis, effective 1 January 2001, pending the submission of comprehensive proposals to the General Assembly at its fifty-sixth session. As an interim measure to respond to the most immediate needs, the General Assembly, in section II of its resolution 55/238, decided to establish, under the regular budget, effective 1 January 2001, 16 additional Professional posts (2 P-5, 10 P-4 and 4 P-3) and 16 additional Local level posts, both at Headquarters and in the field, and to appropriate the related operational resources for the Office of the United Nations Security Coordinator.

3. In the same resolution, the General Assembly has also requested the Secretary-General, in his capacity as Chairman of the Administrative Committee on Coordination, to develop, in coordination with executive heads of the United Nations specialized agencies, funds and programmes, an effective mechanism for cost-sharing arrangements. In that connection, the Secretary-General was requested to ensure that in future the costs of the security management system would be included in the regular budget, to be managed by the United Nations, contingent upon a formal arrangement with the concerned agencies, funds and programmes for participation in the funding of security arrangements. In addition, the Assembly requested the Secretary-General to submit to it, at its fifty-sixth session, through the Advisory Committee on Administrative and Budgetary Questions, proposals on such cost-sharing arrangements.

4. During 2001, extensive consultations were held by the Secretariat with the United Nations funds, programmes and specialized agencies on the modalities for implementing section II of resolution 55/238. Following these consultations, a broad inter-agency agreement on operational and financial arrangements for the new safety and security system for United Nations personnel was reached in July 2001 by a task force composed of the organizations of the United Nations system within the framework of the High-Level Committee on Management of the Administrative Committee on Coordination. Subsequently, at its second session on 10 and 11 September 2001, the High-Level Committee on Management, acting on behalf of the Administrative Committee on Coordination, adopted a cost-sharing formula for staff security and the management of the security system based on agreements reached at the meeting of the Task Force convened in July. The Administrative Committee on Coordination will be informed of the agreement at its session scheduled for 19 and 20 October 2001.

II. Overview of the current security management system

5. The United Nations Security Coordinator acts on behalf of and reports directly to the Secretary-General to ensure a coherent response by the United Nations to any emergency situation and is responsible for all policy and procedural matters related to staff security, including decisions related to all aspects of evacuation. The Security Coordinator also formulates detailed recommendations aimed at ensuring the safety and security of staff members and eligible family members of the entire United Nations system, initiates discussions with representatives of agencies, political departments and other relevant offices in the Secretariat on current and potential security-related problems, coordinates, plans and implements inter-agency security and safety programmes and acts as the focal point for inter-agency cooperation regarding security. The Security Coordinator is mandated to ensure that staff members of the organizations of the United Nations system are able to carry out their functions in an atmosphere of safety and security and to take whatever action is required to relocate them when they are no longer able to operate in safety.

6. The current security management system was designed to meet the operational requirements of the United Nations system as it existed 20 years ago. Ten years ago, the standard response of the United Nations to a crisis was to evacuate its staff members and dependants out of harm's way until it was safe for them to return. Over the past few years, however, in response to the mandates entrusted to the Secretary-General by the General Assembly and Security Council, United Nations personnel is increasingly being sent to provide humanitarian assistance in the areas of open warfare and hostility. Staff members of the United Nations system have experienced an unprecedented number of cases of armed robbery, attacks on humanitarian convoys, car-jackings, harassment, rape, sexual assault and arrest and detention. Some have been killed on mission.

7. The United Nations has, in the recent past, taken a number of steps to enhance the security and safety of United Nations system personnel, many of which have had a positive impact. Nevertheless, given the volatile and violent situations in which the United Nations system staff are called upon to carry out their duties, it has been deemed necessary to intensify efforts at all levels. Within the system, it is important to ensure that measures that are jointly agreed upon are supported by each organization, administratively as well as financially, and to ensure a more secure and

stable system of funding for security costs. While extrabudgetary contributions to the trust fund for the security of United Nations personnel should be encouraged, relying on voluntary contributions to fund the arrangements for safety and security is not sustainable in the long term. Given the many recent instances of security situations deteriorating rapidly, there is an urgent need for every field office to have a security plan regardless of the current situation. There should be a renewed sense of urgency with regard to security and safety of staff.

8. As already indicated in the previous report on the safety and security of United Nations personnel (A/55/494), the system is currently not able to adequately fulfil its responsibilities, despite the best efforts and dedication of all those involved in the present security management system. Improving the security of United Nations personnel requires the development and strengthening of all aspects of the safety and security regime currently in place. A new attitude towards security needs to be adopted and new systems and structures need to be introduced. Security is not an option and must not be seen as an expendable item. Security must be a priority, carefully planned and implemented. Security must be accepted as a fundamental component of all United Nations activities.

9. Responsibilities for a security policy should be centralized within the Office of the United Nations Security Coordinator. That policy needs to be adhered to by all organizations of the United Nations system. The Security Coordinator should be given overall responsibility for the appointment and professional management of all security officers in the field. Headquarters should be primarily responsible for strategic and complex operational issues, while the field should be responsible for delivery of operational activities.

10. Currently, the Office of the United Nations Security Coordinator is responsible for coordinating and managing the security system, which covers 70,000 staff and their dependants at over 150 duty stations. There are some 80 high-risk duty stations where the presence of at least one field security officer would be warranted. Furthermore, it is universally recognized that, in dangerous situations, the security of staff cannot be ensured if they do not receive specialized training, if they do not have communications equipment and if they do not have access to expert advice and leadership from professional security officers. This lack of appropriate level of resources is clearly an untenable situation and urgent remedial actions are required.

11. Based on the outcome of the review of the proposals for the strengthening of the system of safety and security of United Nations personnel undertaken by the General Assembly at its fifty-fifth session, which culminated in the adoption of resolution 55/238, and following the consultations with the organizations of the United Nations system on the operational and funding arrangements of the new system, the Secretary-General resubmits, in the present report, proposals for the strengthening of the Office of the United Nations Security Coordinator which were set forth in his report of 18 October 2000 (A/55/494). In this connection, it should be noted that, in the course of the consultations, the organizations participating in the security and safety system for United Nations personnel have again stressed the urgent need for coordination of the security management system by a high-level United Nations official on a full-time basis, given the serious security situation on the ground. The Secretary-General is firmly committed to pursuing this key element of his proposals for enhanced security arrangements. On that basis, the proposal to establish, effective 1 January 2002, a full-time position of United Nations Security

Coordinator at the Assistant Secretary-General level is hereby submitted again as a high-priority and indispensable item. The operational and financial aspects of the proposed security management system are detailed below.

III. Proposal for strengthening the current safety and security system

A. Organizational structure

12. In the light of the outcome of the intergovernmental review on the subject of placing the Office of the United Nations Security Coordinator within the United Nations organizational structure that took place during the fifty-fifth session of the General Assembly, the Secretary-General has reviewed various options concerning administrative arrangements in this regard, including the possibility of locating the Office within the Office of Central Support Services. Following consultations with executive heads of the United Nations organizations, it has been recognized that, in order for the Secretary-General to effectively discharge his responsibilities for the safety and security of all United Nations personnel, arrangements must be made to ensure that there is careful coordination of operations to avoid any potential for conflict in policy, guidelines or activities that could, in turn, endanger the safety and security of staff. On that basis, the Secretary-General reiterates his proposals to maintain the Office as a separate and clearly identifiable organizational structure within the Secretariat. Furthermore, the proposal to appoint a Security Coordinator at the Assistant Secretary-General level, on a full-time basis, is intended to enable the Security Coordinator, acting on behalf of and reporting directly to the Secretary-General, to deal more effectively with the executive heads of organizations of the United Nations system and Member States. The appointment of such a high-level official will provide the essential focus and leadership in United Nations efforts to strengthen security coordination and management. It has already been recognized by Member States that it will also be necessary for the Office of the United Nations Security Coordinator to be strengthened by additional staff, in order for the Security Coordinator to be in a position to carry out coordination, management, counselling and training for the vast number of United Nations personnel scattered throughout the world.

13. In response to section II of resolution 55/238, a package of measures is being presented to strengthen current arrangements, including the expansion of all the substantive areas, to be introduced with effect from 1 January 2002. The current unreliable mechanism for funding field security officers would be replaced with an adequate, secure and stable funding arrangement. Ninety-two additional field security offices would be established in the most critical locations to replace the existing organizational structure in the field, which is currently operating on the basis of local arrangements. Accordingly, proposals are hereby submitted for additional posts (3 P-5, 2 P-4 and 3 P-3 posts) for the Office of the Security Coordinator at Headquarters, to accommodate the essential functions of coordination, planning, counselling and training, with appropriate support staff (10 General Service (Other level) posts) and additional Professional staff (71 P-4 and 21 P-3 posts) as well as for 184 Local level posts (a secretary and a driver for each field office) for the 92 field security officers in addition to those eight officers already established on the basis of section II of resolution 55/238. The field security officers

would be recruited centrally and expeditiously assigned where they would be most urgently required. In addition to an adequate number of security staff, it is also critical to ensure that sufficient and reliable funds be available for training programmes and for communications and other essential equipment.

14. The proposed organizational structure of the Office of the United Nations Security Coordinator is presented in annex I to the present report and a detailed disposition of the proposed field structure is presented in annex II. As it can be seen from annex II, some field offices would be further strengthened by field security advisers, to be funded directly by the United Nations funds and programmes in the areas where they maintain a strong presence. Such arrangements would provide for better coordination on staff safety and security issues between the Security Coordinator, field offices and the United Nations funds and programmes.

15. The immediate office of the Security Coordinator, which would comprise a D-2 (Deputy Security Coordinator), a P-5 and three General Service (Other level) posts, would be responsible for the day-to-day management of the United Nations security system, the overall assessment of the security situation and its strategic evolution, and developing policies and formulating recommendations aiming at ensuring the safety and security of the United Nations system personnel. The Office will also be responsible for the preparation of reports for consideration by the General Assembly and Security Council, as well as by the Administrative Committee on Coordination and will act as the focal point for: inter-agency cooperation on the issues of security and safety of United Nations personnel; initiating consultations with executive heads of the United Nations agencies, programmes and funds on current and potential security-related problems and with host governments regarding the security of United Nations personnel, including respect for their privileges and immunities; representing the Security Coordinator at intergovernmental, inter-agency and other meetings on issues relating to security and safety; maintaining direct and active liaison with Governments, permanent missions and non-governmental and intergovernmental organizations on those issues; undertaking security assessment missions as required; consulting, time permitting, with those agencies whose operations in a country might be affected by decisions relating to evacuation; coordinating, planning and implementing inter-agency security and safety programmes, including organizing and managing evacuation of United Nations system staff; and coordinating newly established interorganizational security training and critical incident stress management programmes.

16. The Security Operations, Policy and Contingency Planning Unit, comprising one P-5, one P-4 and two General Service (Other level) posts, would be responsible for: daily security coordination between the Office, the organizations of the United Nations system, field security officers and designated officials; monitoring and responding to all security incidents; monitoring countries in crisis for possible early warning indications; the preparation and publishing of a monthly security travel advisory; the preparation and distribution to designated officials of a monthly newsletter on safety and security issues; reviewing and maintaining all duty station security plans; participating in compliance inspections of all duty stations; maintaining a database of security incidents; ensuring that appropriate action is taken in all cases of arrest and detention of the United Nations staff and/or dependants; providing advice and/or assistance in the management of all hostage incidents; deploying staff to the field, as necessary, to support the designated official

and security management teams; coordinating and maintaining United Nations security policy, including the Field Security Handbook and the specialized security directives; establishing and maintaining the Office Security Compliance Inspection Programme, including the procedures to be followed during an inspection, the scheduling of inspections and the preparation of the final report; establishing the security requirements for all new missions, regular operations and emergency operations; and establishing and maintaining an inventory of all duty station emergency field security communications systems.

17. The Investigation Unit, consisting of one P-4 post, would be the focal point for investigations, as appropriate, of deaths of United Nations staff under malicious circumstances, as well as of significant security incidents affecting United Nations staff. The Unit would conduct independent field investigations of death of or attack on staff under malicious circumstances and would prepare reports for insurance companies; establish and maintain standard investigation procedures for system-wide use; and review field security investigation reports.

18. The Field Security Coordination Section, composed of the Stress Counselling and the Security Training Units (3 P-5, 6 P-4, 3 P-3 and 4 General Service (Other level) posts in total) would be responsible for the daily security coordination of field operations between the Office, the organizations of the United Nations system and designated officials, including officials working in the areas of stress counselling and security training. That would include: developing a comprehensive United Nations policy regarding the management of critical incident stress, including gender specific requirements; providing a rapid response to all critical incidents, including the death of staff members under malicious circumstances, hostage-taking and evacuations; providing appropriate stress debriefing and counselling to all affected staff, including gender-specific issues, and ensuring that such assistance is available; establishing and providing stress management training to all staff worldwide; preparing appropriate stress management training materials for use by staff in the field, including gender-specific material; chairing an inter-agency working group on stress management; developing, coordinating and publishing security training materials for all staff, to include gender-specific issues; planning and conducting security training for designated officials, field security officers, security management teams, area coordinators and wardens; providing security awareness training and briefing to the United Nations staff system-wide, including gender-specific issues; developing capacity for conducting crisis management exercises, to be used in the inspections and security management training programmes; chairing an inter-agency working group on security training and related coordination; and providing training support to all organizations, upon request.

19. The Administrative Unit, consisting of one P-4 and three General Service (Other level) posts would be responsible for providing administrative support services to the Office operations at Headquarters and in the field. The Unit would be responsible for coordinating and managing all functions associated with personnel management of security staff and for financial/budgetary requirements. Specifically, the Unit would be responsible for the recruitment, monitoring of the performance evaluation process and all other personnel-related matters associated with field security officers; management of budgets for field security offices; preparation and administration of the biennial budget of the Office; management of the trust fund for

the security of United Nations staff; and management of the malicious acts insurance policy, including billing of the costs to participating organizations.

20. The proposed new organizational arrangements would improve accountability for staff and officials of the United Nations organizations for performance or non-performance in ensuring adequate security for staff in the field, including in security incidents, the issue that has been emphasized in the course of the intergovernmental review of the previous proposals during the fifty-fifth session of the General Assembly.

21. The issue of accountability has been discussed on a preliminary basis at the inter-agency level. While it has not yet been possible to develop a comprehensive plan in this regard, during those consultations agreement was reached on broad outlines of the accountability standards. The agreed standards can broadly be summarized as follows:

(a) Security responsibilities must be included in the job descriptions of all staff in the field in line with what is already described in the Field Security Handbook;

(b) All staff members assigned to the field must acknowledge in writing that they have received a security briefing and understood the responsibilities in regard to their own security;

(c) Responsibilities must be clearly defined for each individual at every level and accountability must be clearly defined along with the responsibilities;

(d) There must be an effective system of rewards and sanctions;

(e) In order to enforce accountability, designated officials must be empowered with a requisite authority;

(f) Accountability in the field must be mirrored at every level at Headquarters to promote creation of a safe operating environment, including provision of adequate budgetary resources, the mobilization of extrabudgetary resources, capacity building and training.

22. It should be noted in this connection that the concept of accountability for staff safety and security includes not only the officials responsible for staff safety and security but also the officials responsible for human resources management in each organization, and staff members themselves. A joint working group consisting of security and human resources officials of the organizations of the United Nations system will meet in the near future to develop the accountability standards in greater detail.

23. The proposed new organizational arrangements would also allow for necessary corrective measures in the security arrangements in the field on the basis of lessons learned from security incidents and from experience gained from the functioning of the system.

B. Resource requirements for the Office of the United Nations Security Coordinator for the biennium 2002-2003

24. The full resource requirements for the new security management system for the biennium 2002-2003 are estimated in the amount of \$53,366,400 (at current

rates). These are detailed in terms of posts and non-post requirements in tables 1 and 2 below, as follows:

Table 1
Requirements by object of expenditure (full budget)

(Thousands of United States dollars)

A. Jointly financed budget

<i>Object of expenditure</i>	<i>2002-2003 proposed programme budget*</i>	<i>Resource growth</i>	<i>Total before recosting</i>	<i>Recosting</i>	<i>Proposed revised estimates</i>
Posts	5 621.4	19 831.8	25 453.2	496.4	25 949.6
Other staff costs	6 959.9	363.3	7 323.2	400.6	7 723.8
Travel of staff	301.1	4 630.7	4 931.8	269.8	5 201.6
Contractual services	-	1 649.2	1 649.2	90.4	1 739.6
General operating expenses	343.3	6 283.4	6 626.7	362.2	6 988.9
Supplies and materials	80.1	1 721.3	1 801.4	98.6	1 900.0
Furniture and equipment	33.4	5 547.5	5 580.9	305.3	5 886.2
Total	13 339.2	40 027.2	53 366.4	2 023.3	55 389.7

B. Extrabudgetary

<i>Source of funds</i>	<i>2002-2003 estimate</i>				
(a) Services in support of:					
(i) United Nations organizations					
(ii) Extrabudgetary activities					
Peacekeeping operations	857.5	358.2**	1 215.7	-	1 215.7
(b) Substantive activities					
Trust fund for the security of United Nations personnel	1 006.0	-	1 006.0	-	1 006.0
Total	1 863.5	358.2	2 221.7	-	2 221.7
Total (1) and (2)	15 202.7	40 385.4	55 588.1	2 023.3	57 611.4

* See A/56/6 (Sect. 30), annex, table A.30.5.

** The increase in amount of \$358,200 against the initial estimates relates to the proposals made in A/C.5/55/46 and Add.1.

Table 2
Post requirements

	2002-2003 jointly financed posts		2002-2003 Extrabudgetary posts		Total	
	Proposed initial staffing*	Proposed revised staffing	Proposed initial staffing*	Proposed revised staffing**	Proposed initial staffing	Proposed revised staffing
Professional and above						
ASG	1	1	-	-	1	1
D-2	-	1	-	-	-	1
D-1	1	-	-	-	1	-
P-5	2	5	3	1	5	6
P-4/3	15	112	4	4	19	116
Subtotal	19	119	7	5	26	124
General Service						
Other level	3	12	2	2	5	14
Other						
Local level	16	200	-	-	16	200
Total	38	331	9	7	47	338

* See A/56/6 (Sect. 30), annex, table A.30.6.

** See A/C.5/55/46/Add.1 (Sect. 30), annex, table 30.2.

Posts

25. The estimated total requirements of \$25,453,200 relate to the posts reflected in table 2 above. These include the ASG, one D-2, five P-5, 12 P-4/3 and 12 General Service (Other level) posts at Headquarters. In addition, requirements include 100 posts for field security officers (75 P-4 and 25 P-3 posts) supported by 200 Local level support staff. In this connection, it will be recalled that 36 posts (1 D-1, 2 P-5, 15 P-4/3, 2 General Service (Other level) and 16 Local level posts) have already been approved for the Office by the General Assembly in section II of its resolution 55/238 and in resolution 55/239 of 23 December 2000. Furthermore, a new full-time post at the Assistant Secretary-General level for the United Nations Security Coordinator and a related one General Service (Other level) post have been proposed under section 30, Special expenses, of the proposed programme budget for the biennium 2002-2003. The total proposed increase against the approved staffing would amount to 19 new posts (1 ASG, 3 P-5, 2 P-4, 3 P-3 and 10 General Service (Other level) posts) and the reclassification of the post of the Deputy Security Coordinator from the D-1 to the D-2 level at Headquarters and 276 new posts (92 P-4/3 and 184 Local level posts) in the field, as discussed in paragraph 13 above. Job descriptions for the additional posts are contained in annex III to the present report.

Other staff costs

26. The estimated total requirements of \$7,323,200 relates to (a) overtime for the 100 field security officers, who are expected to work beyond normal working hours if the security situation so requires (\$379,400); and (b) malicious acts life insurance

coverage for staff members required to work in areas that might involve certain risks (\$6,943,800). The insurance coverage relates to malicious acts only, that is, for death or disability caused directly by war, invasion, acts of foreign enemies, hostilities, civil war, revolution, rebellion, insurrection, military or usurped power, riots or civil commotion, sabotage, explosion of war weapons, terrorist activities, assault by foreign enemies or any threat. Inter-organizational life insurance coverage has been obtained on a system-wide basis since 1 January 1990. For the organizations participating in that insurance coverage, it is provided for staff members required to work in areas that might involve certain risks, as determined by the United Nations Security Coordinator. The following categories of staff are covered under this insurance policy: internationally recruited staff assigned to a duty station; internationally recruited staff, experts and consultants on official mission, travel or daily subsistence allowance status; other official United Nations visitors to the designated countries; internationally recruited General Service staff; staff in the Field Service category; and locally recruited staff members. With regard to the total requirements of \$7,323,200, it should be noted that, in the proposed budget for the biennium 2002-2003, a provision of \$6,943,800 has already been made for the insurance coverage and of \$16,100 for overtime for eight field offices. That provision has reflected an overall increase in the amount of \$3,032,700, as compared to the 2000-2001 revised appropriation, mainly due to increased premiums. In the present revised estimates, a proposed increase in the amount \$363,300 relates to additional overtime requirements as a result of establishing 92 additional field security offices.

Travel of staff

27. A total provision of \$4,931,800 provides for security-related travel. In the proposed programme budget for the biennium 2002-2003, a provision in the amount of \$301,100, which included an increase of \$80,500 over the 2000-2001 revised appropriation, has been made for travel of staff at Headquarters and in the field. The increase primarily related to travel of staff in the field to accommodate the needs of the then newly established eight field security offices. In these revised estimates, the growth in the amount of \$4,630,700 relates to the further increased travel requirements of the Office of the United Nations Security Coordinator as outlined above. The total requirements mainly relate to travel for security training, security compliance missions, security assessment and emergency missions, attendance at various security related meetings by Headquarters staff (\$3,035,600) and travel of the field security officers deployed at 100 field locations (\$1,896,200).

Contractual services

28. The provision of \$1,649,200 would provide for specialized contractual security training and the production of publications considered essential for the success of functioning of the new security management system, including: (a) requirements of \$1,270,000 for security, emergency, stress management and other specialized training to be organized through specific seminars and courses, including the preparation of related training material, and (b) requirements of \$379,200 for production of the *Security Handbook* in all official languages and the periodic reprinting of various updated security materials.

General operating expenses

29. Provision of \$6,626,700, including a one-time provision of \$304,600, provides for rental of premises, utilities, rental of equipment, communications, maintenance of equipment and miscellaneous services both at Headquarters and at field security offices. The estimates already provided for in the proposed programme budget for the biennium 2002-2003 in the amount \$343,300 reflect an increase of \$189,700 over the 2000-2001 revised appropriation. With the significant expansion of the operation, in particular in the field, the initially proposed provision would be increased by \$6,283,400, as follows:

(a) Rental of premises: requirements in the amount of \$2,298,700, including requirements for rental of office space and minor alterations to premises for the Office at Headquarters (\$971,300) and for rental of premises in the field for the 100 field offices (\$1,327,400);

(b) Utilities: requirements of \$379,400 are for the 100 field offices;

(c) Communications: requirements in the amount of \$2,559,900, including requirements for postage, telephone (cellular, long distance and satellite), telex, cables and pouch services are estimated for the Office at Headquarters (\$663,700) and for the 100 field offices (\$1,896,200);

(d) Rental and maintenance of equipment: requirements in the amount of \$440,500, including requirements for maintenance of data-processing equipment and communications equipment are estimated for Headquarters (\$99,100) and for the field offices, including maintenance of vehicles (\$341,400);

(e) Requirements for miscellaneous services are estimated in the amount of \$948,200. They relate to freight and related costs, bank charges, cleaning of uniforms for drivers and other sundry expenses for the field offices.

Supplies and materials

30. A provision of \$1,801,400 would cover the cost of fuel for the vehicles in the field offices and for general and office automation supplies for both the Headquarters and the field offices. In the proposed programme budget for 2002-2003, a provision in the amount of \$80,100, which includes an increase of \$73,600 over the 2000-2001 revised appropriation, was made for that purpose, taking into account the size of the operation at the time. The additional requirements of \$1,721,300 are primarily due to the expansion of the operations both at Headquarters (\$87,200) and in the field offices (\$1,634,100).

Furniture and equipment

31. The estimated requirements of \$5,580,900 relate to acquisition and replacement of office furniture, office automation equipment and transportation and communications equipment in connection with the proposed expansion of the Office of the United Nations Security Coordinator. The provision of \$33,400 in the proposed programme budget for the biennium 2002-2003, reflecting an increase in the amount of \$28,200 over the 2000-2001 appropriation, is to cover the needs for security protection equipment for the eight field offices established by section II of resolution 55/238. The proposal for the expansion of the office, mainly in the field, has given rise to additional requirements in the amount of \$5,547,500 for various

items of furniture and for communications and transportation equipment to provide for operational support, including a one-time provision of \$5,202,200. The total estimated requirements of \$5,580,900 are detailed as follows:

(a) Provision of \$319,900 is required for the acquisition of office furniture at Headquarters (\$101,800) and for field offices (\$218,100);

(b) Provision of \$648,600 is required for the acquisition of the office automation equipment at Headquarters (\$38,000) and for field offices (\$610,600);

(c) Provision of \$2,616,800 is required for acquisition of vehicles for the newly established field offices;

(d) Provision of \$1,995,600 is required for acquisition of communications equipment, including satellite phones with integrated services digital network (ISDN) capabilities, ultra high-frequency (UHF) and very high-frequency (VHF) radios, mobile phones and fax machines for Headquarters (\$24,300) and for field offices (\$1,971,300).

C. Cost-sharing arrangements for the new security management system

32. As indicated in paragraph 4 above, following extensive consultations on the cost-sharing arrangements, the organizations of the United Nations system have adopted, within the framework of the High-level Committee on Management, the following principles and modalities of the cost-sharing for the costs associated with the security management system:

(a) The organizations participating in the United Nations security management system would assume collective responsibility for safety and security of the United Nations personnel, irrespective of the level of that participation;

(b) The organizations recognized the specific responsibility of the United Nations for the management of the security of United Nations system personnel, given the central role of the Secretary-General in the United Nations system as the Chairman of the Administrative Committee on Coordination and his overall leadership over the security and safety of the United Nations personnel;

(c) Field-related costs, which are incurred in the field or are directly related to providing operational support by Headquarters to the field offices, would be apportioned among participating organizations, while the central costs of the management and direction of the operation would be assumed by the United Nations;

(d) The cost-sharing formula should be based on a reflection of the number of personnel based in countries not members of the Organisation for Economic Cooperation and Development (OECD) for whom the United Nations system had a responsibility in terms of security and safety. Data on such personnel would be established on the basis of census to be conducted in the year proceeding the next biennium.

33. On the basis of these principles, the following cost-sharing formula has been agreed:

(a) *Central core costs assumed by United Nations Headquarters:* Executive direction and management, policy and contingency planning, investigation, oversight of security operations, as well as administrative support are considered as central costs and, as such, are a responsibility of the United Nations. They should, therefore, be assumed by the United Nations in their entirety;

(b) *Field-related costs:* Field-related expenses, to be apportioned once each biennium among all United Nations entities that deploy more than 1 per cent of the total number of personnel covered by the United Nations security management system, in the field, irrespective of contractual status or funding modality of that personnel (i.e. all those individuals for whom the United Nations system has a security responsibility), would include the expenses associated with the field offices operations and relating Headquarters operational support costs. The proportion of the costs to be borne by the participating organizations would be calculated as a percentage of the resulting total, to be determined on the basis of the census to be carried out in all non-OECD duty stations;

(c) *Participation by agencies having minimal or no field presence:* Those organizations that, on the date of census, have less than half of a percentage point of total personnel covered by the United Nations security management system in the field would contribute a flat fee of \$25,000 per biennium. Those organizations that have on that date more than half of a percentage point but stay within one percentage point of total personnel covered by the United Nations security management system in the field would contribute a flat fee of \$100,000 per biennium.

34. The first census in the non-OECD duty stations was carried out on 18 July 2001. The statistical data on the staff deployed in the field on that date has been collected from all non-OECD countries with a United Nations presence, including data on staff on mission. On the basis of those statistics, the percentage share of each organization within the total number of staff in the field on that date has been determined. Based on the principles detailed in paragraph 33 above and on the proportions established on the basis of the census of 18 July 2001, the share of each organization in the total costs of \$55,389,700 has been determined in the context of the present report. These shares in the costs are presented in annex IV to the present report.

D. United Nations share of the inter-organizational security measures costs

35. In the course of consultations with other organizations of the United Nations system, the Secretariat has endeavoured to adhere as closely as possible to the existing principles of cost sharing already agreed upon, so as to maximize chances of success. Thus, the additional regular budget requirements presented in the context of the present report under section 30 of the proposed programme budget are limited to the United Nations share of the proposed inter-organizational security measures costs, in full conformity with established practice for those expenses and consistent with the budgeting arrangements agreed to by the General Assembly in respect of other jointly financed activities, including both the International Civil Service Commission and the Joint Inspection Unit. Consistent with the established format, the total requirements for the Office of the United Nations Security Coordinator are

also submitted for review and approval of the Assembly, as has been the case in the past. While this form of presentation would differ in detail from that spelled out in section II of resolution 55/238, it would in no way change the relative burden of costs falling upon the United Nations and its Member States, and it has the advantage of maintaining a form of budgetary presentation that is accepted and understood by the agencies, funds and programmes concerned.

36. Based on the agreed principles, the United Nations share of costs for the biennium 2002-2003 is composed of the following three components:

(a) Costs associated with the central core functions of the Office, which would be assumed in full by the United Nations. These costs have been estimated at \$4,369,900. These include posts and non-post requirements for the Security Coordinator, his/her immediate office, the Security Operations, Policy and Contingency Planning Unit, Investigation Unit and the Administrative Unit;

(b) A share in the total costs associated with the security operations in the field, including the Headquarters direct operational support to the field and excluding the costs associated with the malicious acts insurance policy, which will continue to be cost-shared on its current principles. Based on the United Nations percentage share in such costs of 14.08 per cent, the United Nations share of these costs would amount to \$6,152,400;

(c) A share in the costs associated with application of the malicious acts insurance policy. Based on the 20 per cent share in costs of this insurance coverage already used in the context of the proposed programme budget for the biennium 2002-2003, the United Nations share in such costs would amount to \$1,464,800.

37. The total United Nations share in the costs of the new security management system would, thus, amount to \$11,987,100. It should be noted that, with regard to the total United Nations share in the costs of the operation, these costs relate to safety and security protection of the field staff of the Secretariat and staff of the International Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda. Bearing in mind that the International Tribunals are financed under their own assessed budgets, the total costs of \$11,987,100 are split between the United Nations and the International Tribunals on the basis of their number of staff within the total United Nations field staff population reported in the context of the census, as follows:

	<i>In United States dollars</i>
(a) United Nations	10 991 500
(b) International Tribunal for the Former Yugoslavia	193 200
(c) International Criminal Tribunal for Rwanda	802 400
Total	11 987 100

The above provisions relating to the International Tribunals would be reported to the General Assembly for its review and approval separately in the context of their respective budget proposals.

38. The proposed increase in resource requirements under section 30, Special expenses (\$10,991,500), is reported in table 3 below as follows:

Table 3

Requirements by object of expenditure (United Nations share)

(Thousands of United States dollars)

Regular budget

<i>Object of expenditure</i>	<i>2002-2003 proposed programme budget*</i>	<i>Resource growth</i>	<i>Total before recosting</i>	<i>Recosting</i>	<i>Proposed revised estimates</i>
Grants and contributions	2 424.8	7 996.4	10 421.2	570.3	10 991.5
Total	2 424.8	7 996.4	10 421.2	570.3	10 991.5

* See A/56/6 (Sect. 30), annex, table A.30.3.

39. In connection with the requirements of \$10,421,200, it should be recalled that the initial estimate in the proposed programme budget for the biennium 2002-2003 is \$2,424,800. The increase of \$7,996,400 against that amount reflects the proposals for expansion and the application of the new cost-sharing system.

IV. Recommendations

40. The General Assembly is requested to approve the following specific proposals for the biennium 2002-2003, effective 1 January 2002:

(a) To establish a post at the Assistant Secretary-General level for the position of United Nations Security Coordinator, with responsibilities as detailed in this report (see annex III);

(b) To establish a post at the D-2 level for the position of the Deputy Security Coordinator, through reclassification of the D-1 post currently existing within that Office, with responsibilities detailed in this report (see annex III);

(c) To establish additional posts for the Office, as follows:

(i) Headquarters: three P-5, two P-4 and three P-3 posts with responsibilities detailed in this report (see annex III), and with an appropriate support staff of 10 General Service (Other level) posts;

(ii) Field: 71 P-4 and 21 P-3 posts for the field security officers, with responsibilities detailed in this report (see annex III) and with an appropriate support staff of 184 Local level posts (a secretary and a driver for each field security office);

(d) To approve the total revised estimates for the Office of the United Nations Security Coordinator for the biennium 2002-2003 in the amount of \$53,366,400 (at current rates), to be apportioned among the participating organizations on basis of the principles and methodology proposed in the context of the report;

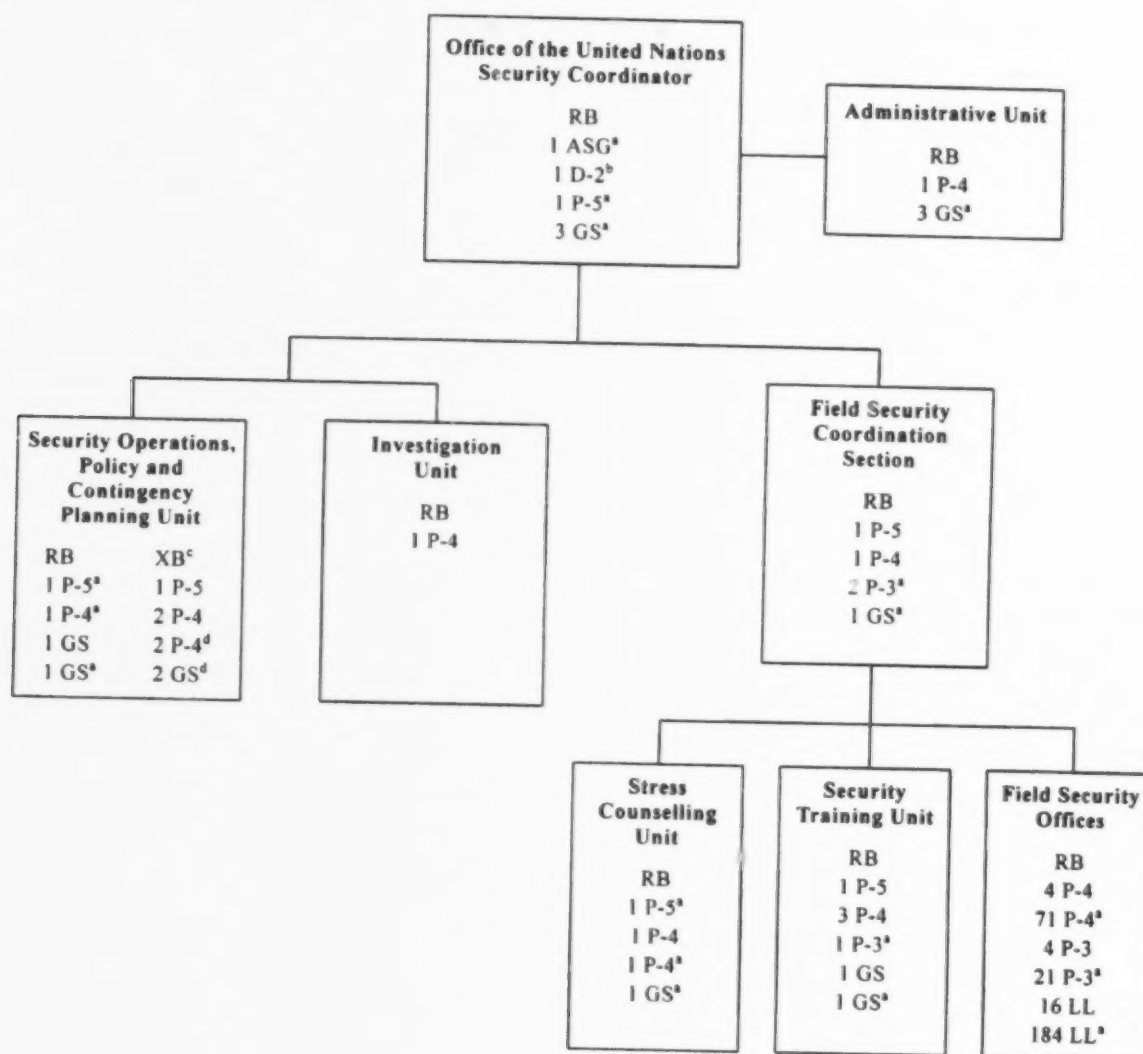
(e) To approve under the regular budget the United Nations share of the costs associated with the activities of the Office in the biennium 2002-2003 in the amount of \$10,421,200 (at current rates), representing an increase in the amount of \$7,996,400 against the provision made in the 2002-2003 proposed programme budget under section 30, Special expenses, the increase to be subject to the criteria governing the operation and use of the contingency fund;

(f) To approve the proposed funding arrangements for the activities of the Office and related accounting arrangements whereby the additional regular budget requirements presented in the context of the present report would be limited to the United Nations share of the total costs of the operation in full conformity with established practice for those expenses and consistent with the budgetary arrangements agreed by the Assembly in respect of other jointly financed activities, including both the International Civil Service Commission and the Joint Inspection Unit, and the total requirements for the Office of the United Nations Security Coordinator would be financed on a cost-sharing basis by all participating organizations under the accounts established aside from the United Nations regular budget and be reported to the Board of Auditors consistent with the current practice and established format for the jointly financed activities.

Annex I

Office of the United Nations Security Coordinator

Proposed organizational structure and post distribution for the biennium 2002-2003

^a New posts.^b Reclassification of the existing D-1 post.^c Posts financed from the support account for peacekeeping operations.^d New posts proposed in A/C.5/55/46/Add.1 (sect. 30), table 30.2.

Annex II

Current and proposed disposition of field security offices by country and funding organization

	Current field security officers		Proposed field security officers	Agency sponsored field security advisers	Department of Peacekeeping Operations chief security officer- security adviser	Remarks
	Cost shared	Other				
Afghanistan	6		6			
Albania	1		1			
Algeria	1		1			
Angola	2		4	6		Five advisers (UNDP), one adviser (WFP)
Armenia			1			
Azerbaijan			1			
Bosnia and Herzegovina				1	2	One adviser (WFP)
Burundi	4		5	4		One adviser (HCHR), one adviser (UNHCR), one adviser (UNICEF), one adviser (WFP)
Cambodia	1		1			
Cameroon	1		1			
Central African Republic	1		1			
Chad	1		1			
Colombia	1		2	3		Three advisers (HCHR)
Congo (Republic of)	1		1	1		One adviser (UNHCR)
Côte d'Ivoire	1		2	2		One adviser (UNHCR), one adviser (UNICEF)
Democratic Republic of the Congo	2		5	5	4	Two advisers (UNDP), three advisers (UNHCR)
East Timor					5	
Egypt		1	1			Other: locally recruited field security assistant
El Salvador			1			
Eritrea	1		1		4	
Ethiopia	1		2	2		One adviser (UNICEF), one adviser (WFP)
Gambia		1				Other: UNV field security assistant
Georgia			1	1	1	One adviser (UNHCR)
Ghana	1		1			
Guatemala	1		1			
Guinea	1		1	3		Three advisers (UNHCR)
Guinea-Bissau	1		1			

	Current field security officers		Proposed field security officers	Agency sponsored field security advisers	Department of Peacekeeping Operations chief security officer security adviser	Remarks
	Cost shared	Other				
Haiti	1		1			
India				2		Two advisers (UNHCR)
Indonesia	1		2	3		One adviser (UNDP), two advisers (UNHCR)
Iran (Islamic Republic of)			1			
Iraq			2	1	2	One adviser (UNHCR)
Israel			2			
Kenya			2	4		Three advisers (UNHCR), one adviser (WFP)
Liberia	1		1	1		One adviser (UNHCR)
Malawi	1		1			
Republic of Mozambique	1		1			
Myanmar			1			
Nepal			1			
Nicaragua			1			
Niger			1			
Nigeria	1		3			
Pakistan	1		3			
Papua New Guinea	1		1			
Peru		1	1			Other: locally recruited field security assistant
Philippines			1			
Russian Federation			1	1		One adviser (UNHCR)
Rwanda	2		2			
Sierra Leone	1		2		1	
Somalia	7		7	1		One adviser (WFP)
South Africa			1	1		One adviser (UNHCR)
Sri Lanka	1		3			
Sudan	1		1	10		Four advisers (UNDP), four advisers (UNICEF), two advisers (WFP)
Tajikistan	1		2	1		One adviser (UNHCR)
The former Yugoslav Republic of Macedonia	1		1	1		One adviser (UNICEF)
Togo	1		1			
Turkey		1	1			Other: locally recruited field security assistant
Uganda	1		1	2		One adviser (UNHCR), one adviser (WFP)

	<i>Current field security officers</i>		<i>Proposed field security officers</i>	<i>Agency sponsored field security advisers</i>	<i>Department of Peacekeeping Operations chief security officer security adviser</i>	<i>Remarks</i>
	<i>Cost shared</i>	<i>Other</i>				
United Republic of Tanzania	1		2	3		Three advisers (UNHCR)
Western Sahara					1	
Yemen, Republic of	1		2			
Yugoslavia				4	8	Two advisers (HCHR), two advisers (UNHCR)
Zambia	1		2			
Zimbabwe	1		2			
Total	57	4	100	63	28	

Annex III

Functional responsibilities of new posts proposed for the office of the United Nations Security Coordinator

1. *United Nations Security Coordinator (Assistant Secretary-General)*: The Security Coordinator acts on behalf of the Secretary-General, to whom he/she reports directly. The Coordinator is responsible for all policy and procedural matters related to the security and safety of United Nations personnel and for ensuring an effective and coordinated response by the United Nations system to any emergency situation in the areas of United Nations operations. The Security Coordinator formulates detailed recommendations aimed at ensuring the safety and security of United Nations system staff. The Security Coordinator coordinates, plans and implements inter-agency security and safety programmes, prepares reports for consideration by the General Assembly and Security Council as well as the Administrative Committee on Coordination and acts as the focal point for inter-agency cooperation on the issues of security and safety of United Nations personnel. The Security Coordinator initiates discussions with heads of the United Nations agencies, programmes and funds on current and potential security-related problems. On behalf of the Secretary-General, the Security Coordinator attends intergovernmental, inter-agency and other meetings on issues relating to security and safety. The Security Coordinator initiates discussions with host Governments regarding the security of United Nations personnel, including respect for their privileges and immunities, and maintains direct and active liaison with Governments, permanent missions and non-governmental and intergovernmental organizations on those issues. The Security Coordinator undertakes security assessment missions as required and reports to the Secretary-General on his or her findings. On behalf of the Secretary-General, the Security Coordinator takes decisions relating to all aspects of evacuation. Time permitting, the Security Coordinator consults with those agencies whose operations in a country might be affected by decisions relating to evacuation. The Security Coordinator manages and directs the staff in the Office.

2. *Deputy United Nations Security Coordinator (D-2)*: Within broad policy guidelines provided by the United Nations Security Coordinator, the Deputy Security Coordinator would be responsible for: directing all aspects of inter-agency security coordination, including coordination, planning and implementation of inter-agency security and safety programmes, as well as organizing and managing evacuation of United Nations system staff; monitoring and assessing factors that could lead to security and safety problems with respect to some 30,000 United Nations staff members in overseas duty stations; directing and coordinating newly established interorganizational security training and critical incident stress management; negotiating renewal of malicious acts insurance policy and overseeing its management on an inter-agency basis; and acting as a focal point for inter-agency cooperation in the areas mentioned above. The Deputy Security Coordinator assists the Coordinator in overseeing, directing and managing the staff of the Office. The incumbent would also represent the Coordinator in the intergovernmental, inter-agency and other meetings on issues of security and safety of the United Nations system personnel, as and when required, and act on behalf of the Security Coordinator in his/her absence.

3. *Senior Security Coordination Officer (P-5)*: In the immediate office of the United Nations Security Coordinator, the incumbent would assist the Security Coordinator and the Deputy Security Coordinator in coordination of the United Nations security policies, monitoring contingency planning based on the current security situation worldwide, and the activities of the Investigation Unit.

Security Operations, Policy and Contingency Planning Unit

4. *Chief of the Unit (P-5)*: The Chief would be responsible for supervision of the Unit on issues of daily security coordination between the office and the organizations of the United Nations system and of the policy and contingency planning, compliance inspections and field security communications. The incumbent would be also responsible for: maintenance and update of the Field Security Handbook and issuance of the specialized security directives; establishment and maintenance of security compliance inspection programme, including the procedures to be followed during an inspection; the scheduling of the inspections and relating reporting; developing the security requirements for new missions, regular operations and emergency operations; and the establishment and maintenance of an inventory of all duty stations of the emergency security communications systems.

5. *Security Operations Officer (P-4)*: Under the supervision of the Chief of the Unit, the incumbent would be responsible for: monitoring and appropriate responding to all security incidents; monitoring countries in crisis for possible early warning indications; preparing a monthly security travel advisory; preparing a monthly newsletter to designated officials; organizing the Office Intranet security web page and relating databases; reviewing and maintaining all duty stations security plans and participating in compliance inspections of all duty stations.

Field Security Coordination Section

6. *Security Coordination Officers (P-3) (2 posts)*: Under supervision of the Chief of the Section, the incumbents would be responsible for ensuring a daily liaison with and coordination of the 100 Field Security Offices established worldwide. They would monitor and assess international events, coordinate responses and/or implement precautionary measures in consultation with the field security officers, as well as assess the local contingency plans and monitor their implementation during a crisis period.

Stress Counselling Unit

7. *Chief of the Unit (P-5)*: The Chief would be responsible for daily supervision of the Unit. The incumbent would also be responsible for developing a comprehensive United Nations policy regarding management of critical incident stress, including gender-specific requirements in order to ensure appropriate inter-agency cooperation. He/she would also chair an inter-agency working group on stress management.

8. *Stress Counselling Officer (P-4)*: Under supervision of the Chief of the Unit, the incumbent would provide a rapid response to all critical incidents, including the death of staff members under malicious circumstances, hostage-taking and evacuations; provide appropriate stress debriefing and counselling to all affected staff and their family members, including on gender-specific issues, and ensure that such assistance is available; participate in stress management training to all staff

worldwide; and, prepare appropriate stress management training materials for use by staff in the field, including gender-specific material.

Security Training Unit

9. *Security Training Officer (P-3)*: Under the supervision of the Chief of the Unit, the incumbent would take part in all aspects of security training of designated officials, field security officers, security management teams, area coordinators and wardens and would prepare various training material.

Field Security Officers

10. The field security officers are responsible for all aspects of security management, crisis readiness and prevention at their respective duty stations, including: (a) assisting the designated official in the execution of responsibilities with regard to the security of staff members and their eligible family members and property; (b) cooperating closely on security matters with all other offices of the United Nations system at the duty station to ensure the best possible coordination; (c) developing good contacts with the national law enforcement agencies, with a view to obtaining the best possible protection for United Nations staff members and their eligible family members and property; (d) identifying and reporting potential security hazards; (e) ensuring that all security and communications equipment is in good repair; (f) conducting regular appropriate exercises (e.g., fire drills, communications tests) to ensure staff preparedness for other emergencies (e.g., earthquakes); (g) ensuring that staff members and eligible family members are kept informed of matters affecting their security and that appropriate arrangements are made for briefing newly arrived United Nations staff members; (h) maintaining up-to-date, detailed instructions for staff members and their eligible family members on the precautions they should take in relation to the implementation of the security plan, including a comprehensive listing of emergency supplies they should have on hand and guidance on the behaviour during a variety of emergencies, including natural disasters and political crises; (i) updating security plans, contingency plans and security listings of staff members and their eligible family members; (j) ensuring that plans for relocation/evacuation to a safe haven are current and implementable; (k) reporting all cases in which staff members and/or their eligible family members have been victims of conventional crime and submitting a quarterly incident report recording all such cases; (l) conducting security surveys of residential areas and premises; (m) ensuring that the appropriate level of confidentiality is maintained with regard to security matters; and (n) serving as a member of the security management team at country level.

Apportionment among the participating organizations of the 2002-2003 revised estimates for the Office of the United Nations Security Coordinator

	Costs relating to malicious acts insurance coverage to be apportioned	Shares of participating organizations in the 2002-2003 costs associated with the insurance coverage (Thousands of United States dollars)	Percentage shares of participating organizations in the costs ^a	Participating organizations	Components of total revised estimates (Thousands of United States dollars)	Number of staff, including staff on mission	Percentage share of organization in total number of staff	Shares of participating organization related costs (Thousands of United States dollars)	Share of each organization (Thousands of United States dollars)	Aggregate percentage share of the total revised estimates
	Field-related costs of the operation to be apportioned on basis of date of the 1987-01 census									Note
Total		55 389.7		United Nations ^b		7 589	14.08	6 152.4	11 987.1	21.64
including:										
1. Central core costs assumed by United Nations		4 369.9		FAO		2 763	5.12	2 237.2	2 476.7	4.47
				IAEA		23	0.05	21.8	23.3	0.04
				ICAO		170	0.05	21.8	89.2	0.16
2. Costs relating to malicious acts insurance coverage to be apportioned		7 323.8		IFAD		1	0.05	21.8	21.8	0.04
				ILO		1 814	3.36	1 468.2	1 468.2	2.65
				IMF		431	0.20	87.4	87.4	0.16
				IMO		110	0.05	21.8	21.8	0.04
3. Remaining field-related costs to be apportioned		43 696.0		ITC	3.7	17	0.05	21.8	25.5	0.05
				ITU		84	0.05	21.8	21.8	0.04
				UNDP	533.9	9 256	17.17	7 502.6	8 036.5	14.51
				UNESCO	78.4	1 181	2.19	956.9	1 035.3	1.87
				UNFPA	117.2	1 421	2.63	1 149.2	1 266.4	2.29
				UNHCR	909.6	4 413	8.18	3 574.3	4 483.9	8.10
				UNICEF	1 360.8	7 523	13.96	6 100.0	7 460.7	13.47
				UNIDO	34.4	458	0.20	87.4	121.8	0.22
				UNOPS	139.9	1 766	3.27	1 428.9	1 568.7	2.83
				UNU		21	0.05	21.8	21.8	0.04
				UNV		113	0.05	21.8	21.8	0.04
				UPU		8	0.05	21.8	21.8	0.04
				WFP	240.2	7 097	13.17	5 754.8	5 995.0	10.82
				WHO	355.9	5 675	10.53	4 601.2	4 957.1	8.95
				WIPO			0.05	21.8	21.8	0.04
				WMO			0.05	21.8	21.8	0.04
				World Bank			5.14	2 246.0	2 246.0	4.05

Components of total revised estimates (Thousands of United States dollars)	Costs relating to malicious acts insurance coverage to be apportioned		Field related costs of the operation to be apportioned on basis of date of the 18 07 01 census				Note	
	Participating organizations	Shares of participating organizations in the 2002-2003 costs associated with the insurance coverage (Thousands of United States dollars)	Percentage shares of participating organizations in the costs ^a	Number of staff, including staff on mission	Percentage share of participating organization in total number of staff	Shares of participating organization in the field- related costs (Thousands of United States dollars)		Share of each organization (Thousands of United States dollars)
PAHO		26.4	0.36	283	0.20	87.4	113.8	0.21
UNAIDS		7.3	0.10	201	0.05	21.8	29.2	0.05
United Nations: peacekeeping operations		1 607.6	21.95	53			1 607.6	2.90
IOM		135.5	1.85	2 770			135.5	0.24
Total		7 323.8	100.00	55 241	100.00	43 696.0	55 389.7	100.00

^a Some organizations do not participate in the system-wide malicious acts insurance coverage.

^b Including data relating to the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia.